FOUNDATION FOR CREDIT COUNSELLING

England & Wales · Charity number 1016630

Details

Other names	CCCS, CONSUMER CREDIT COUNSELLING SERVICE, STEPCHANGE DEBT CHARITY
Status	Registered
Legal form	Charitable company
Company number	02757055
Registered	1993-01-28
Register	View on the Charity Commission register

Contact

Address	123 Albion Street Leeds LS2 8ER
Phone	08001381111
Email	contactus@stepchange.org
Website	www.stepchange.org

Activities

Objects: 3.1 THE PREVENTION OR RELIEF OF POVERTY AMONGST PERSONS WHO ARE IN DEBT (PARTICULARLY IN THE UNITED KINGDOM) BY: (1) THE PROVISION OF ADVICE TO ASSIST SUCH PERSONS TO RE-SCHEDULE AND RE-FINANCE THEIR BORROWINGS; (2) THE PROVISION OF FINANCIAL EDUCATION TO ENABLE SUCH PERSONS TO MANAGE THEIR FINANCES MORE EFFECTIVELY; (3) THE ESTABLISHMENT AND SUPPORT OF COUNSELLING CENTRES TO WHICH PERSONS MAY RESORT FOR ADVICE ON DEBT MATTERS GENERALLY; (4) THE ESTABLISHMENT OF AN INSOLVENCY PRACTICE TO WHICH SUCH PERSONS MAY RESORT AS AN ALTERNATIVE SOLUTION TO DEBT PROBLEMS; AND (5) THE ESTABLISHMENT OF SUCH OTHER SERVICES OR PRODUCTS FOR THE PUBLIC BENEFIT TO ASSIST IN THE RELIEF OF POVERTY3.2 TO ADVANCE THE EDUCATION OF THE PUBLIC IN GENERAL (AND PARTICULARLY AMONGST PERSONS IN DEBT OR AT RISK OF FALLING INTO DEBT) ON THE SUBJECT OF FINANCIAL BUDGETING, FINANCIAL PRODUCTS AND FINANCIAL SERVICES

Activities: Foundation for Credit Counselling's principal activities are to provide free debt advice to the financially distressed and following advice either via telephone or online, to provide a range of debt management solutions to meet client needs such as debt management plans and a range of insolvency

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solutions.

Classification

- **How:** Provides Services
- **What:** The Prevention Or Relief Of Poverty
- **Who:** The General Public/mankind

Geography

- **Area of benefit:** UNITED KINGDOM
- Northern Ireland
- Scotland
- Throughout England And Wales

Finances

Period end	Income	Expenditure	Assets	Employees
2024-12-31	£58,431,000	£59,525,000	£13,212,000	1137
2023-12-31	£54,731,000	£59,467,000	£14,803,000	1115
2022-12-31	£62,002,000	£59,938,000	£19,539,000	1249
2021-12-31	£60,976,000	£61,590,000	£17,475,000	1450
2020-12-31	£60,564,000	£63,402,000	£18,089,000	1527

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Trustees

Name	Role	Appointed
Barbara Helen Dean		2019-01-21
Christopher Mark Wood		2021-02-01
Elizabeth Mary Harding		2023-07-01
Janet Pope		2024-01-01
Lesley Jane Titcomb		2019-01-21
Lisa Jane Mellor		2025-06-23
Michael St John Ashley		2023-07-01
Nicholas Michael Caplan		2019-02-26
Ramondeep Kaur		2025-06-30
Sean Lynskey		2025-06-23
Susan Acton		2023-07-01
Yvonne Jean Klimaytys		2021-07-01

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FOUNDATION FOR CREDIT COUNSELLING

England & Wales - Charity number 1016630

Accounts

Annual Report and Accounts 2024



StepChange Debt Charity

Published May 2025

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StepChange Debt Charity

Debt happens.



Let's deal with it.

StepChange Debt Charity

Chair's statement



It is an honour to introduce my first Annual Report as Chair of StepChange. I want to begin by paying tribute to my predecessor, John Griffith-Jones, who led the Board with dedication and insight over the past five years. Under his leadership, StepChange navigated a rapidly changing external environment while maintaining its unwavering commitment to supporting those in problem debt. I am grateful to John for his stewardship, and I look forward to building on the strong foundation he has left.

As we reflect on 2024, one of the key themes for me that emerges is the strength of our governance and strategic leadership. StepChange is an organisation undergoing a transformation. The past year has seen us continue to invest in new technology, refine our funding model, and evolve the way we deliver support to clients. Our governance structures, and the diversity of expertise within our Board of Trustees, have been crucial in steering this change. It has ensured that our transformation is not only ambitious but also well-managed, sustainable, and always focused on achieving the best outcomes for those we serve.

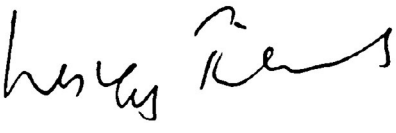
A defining achievement of 2024 has been the development of our new five-year strategy, Stepping Ahead: Destigmatising Debt and Powering Financial Resilience. This strategy has been shaped by extensive engagement with clients, partners, and stakeholders, as well as deep analysis of the changing financial landscape. It marks an evolution in StepChange's mission: moving beyond simply helping people out of debt, but towards enabling long-term financial resilience. While debt advice will always remain at the heart of what we do, we recognise that in an era of economic uncertainty, our role must expand to equip people with the tools, knowledge and support to sustain financial wellbeing for the long term.



This strategy is more than just a vision – it is underpinned by practical steps to deliver real impact. In 2024, we worked tirelessly to ensure we are positioned to meet the challenges ahead. We have strengthened our partnerships, secured vital funding to sustain our services, and continued to invest in our people. Our Digital Transformation Programme is progressing at pace, modernising our systems to enhance efficiency, improve accessibility, and future-proof our support. At the same time, our policy and campaigning work has continued to drive systemic change, securing commitments from policymakers and regulators on issues that affect our clients the most.

None of this would be possible without the dedication of StepChange's people – our colleagues, partners, and supporters — who work tirelessly to ensure that those experiencing financial difficulty receive the help they need. I also want to thank my fellow Trustees for their expertise and guidance in shaping the future direction of the charity. Their collective experience across financial services, policy, technology, and social impact ensures that StepChange remains a leader in the sector, driving innovation while staying true to its core purpose.

As we enter 2025, we do so with a clear plan and a bold ambition: to not only help people recover from debt but to empower them to take control of their financial future. I look forward to seeing the impact of our new strategy and to working with all those who support StepChange to continue delivering for the clients and communities who rely on us.



Lesley Titcomb CBE
Chair of Trustees

CEO statement



This year's Annual Report vividly demonstrates the real progress we have made to support people experiencing financial difficulty in an evolving landscape. StepChange has remained a vital lifeline for thousands of individuals and families, helping them navigate debt and build towards long-term financial resilience.

Demand for our services remains high. In 2024, we provided full debt advice to over 170,000 people. While this represents a slight decrease on last year, the story behind the figures is encouraging. A higher proportion of those coming to us are now accessing a debt solution, meaning more people are taking tangible steps towards financial recovery. Supporting better outcomes for clients is at the heart of our mission and future direction.

At the same time, we have seen significant shifts in how people seek advice. The wider debt advice sector is undergoing change, influenced by economic pressures, evolving customer behaviour, and regulatory developments. The introduction of the Financial Conduct Authority's Consumer Duty in July 2023 has encouraged financial services firms to improve their own customer support and more frequently address debt concerns in-house. This is a welcome development that has helped some clients get support earlier, but it also affects patterns of demand for organisations like ours.

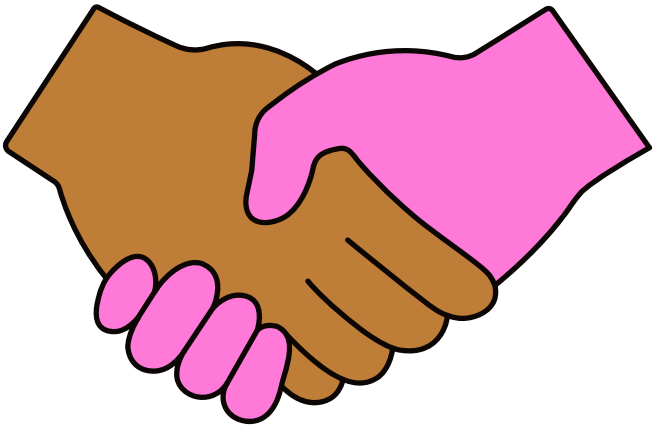
We are also seeing increased competition, including from fee-charging and commercial providers that are active across digital and social media channels. While this expansion gives consumers more choice, it also carries risk. It is vital that people in problem debt are directed toward free, high-quality advice – not commercial services that could worsen their financial situation. That is why our focus remains on providing accessible, expert support, with a clear public benefit mission at our core.

This year, we have also laid strong foundations for the future. Our new five-year strategy, Stepping Ahead: Destigmatising Debt and Powering Financial Resilience, sets out an ambitious vision for the charity. It reflects the insights of colleagues, clients and partners, and commits us to a future where we deliver the best possible services – and work with trusted partners where they are better placed to deliver specialist support.

That means continuing to strengthen and expand our own offer. In addition to our core advice services, we have invested in tools and resources that help people take control of their finances. More than 204,000 people accessed support from our wider services in 2024 – from budgeting tools to benefits checks. Our benefits checker alone helped clients identify over £9 million in unclaimed income. These early interventions can be critical in helping people avoid crisis and build financial resilience.

At the same time, our new strategy has also required difficult choices about where we focus our efforts. One such decision has been the closure of our subsidiary, Consumer Credit Counselling Services (Equity Release) Limited, which provided mortgage and equity release advice. This strategic decision was taken after a careful review of whether we remain best placed to deliver the outcomes clients need in a changing and complex market. The backdrop has been challenging – with high interest rates, reduced demand, and ongoing market volatility – and Consumer Credit Counselling Services (Equity Release) Limited has not been immune. Looking ahead, we believe that a trusted external partner will be better able to provide clients with the service they need, offering faster access, digital capability and wider expertise. While we will continue to recommend equity release where appropriate, we will no longer deliver it directly. I want to offer my sincere thanks to our Financial Solutions colleagues for their professionalism, dedication and the many clients they have supported.

We begin this next chapter from a position of strength. Thanks to the generosity of our funders and partners, we remain in robust financial health. The increased funding we secured in 2024 has allowed us not only to maintain our services, but to invest in improvements to make them more efficient and impactful. We have modernised our

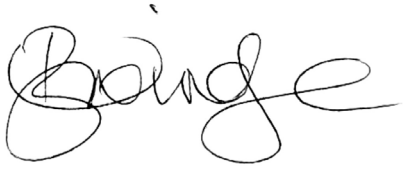


technology, refined our delivery, and ensured that every pound goes further in helping people in financial difficulty.

None of this would be possible without the commitment of our colleagues. Providing debt advice is complex and emotionally demanding work, and I am continually inspired by the compassion, expertise and resilience our team brings to every client interaction. Their determination to support people through moments of real crisis is the foundation of everything we do.

I would also like to thank our Board of Trustees for their insight and support over the past year. Their strategic guidance and unwavering commitment to our mission have helped shape the organisation we are today – and the one we are becoming.

Finally, my sincere thanks to our partners and funders. Whether through financial support, collaboration or shared expertise, your belief in our work makes our impact possible. Together, we will continue to work towards a future where no one faces financial difficulty alone.



Vikki Brownridge
Chief Executive Officer

Our impact

6.2 million
visits to our website



£9.1 million
additional client income identified through our benefits checker

170,928
clients completed full debt advice

41,805
clients started a debt solution

204,242
clients guided



15,180
clients became problem debt free with our support

679,068
clients accessed our Homeowner and Cost of Living Hubs



20,225
clients guided through our Money Health Check



£367 million
debt repaid by our clients

184,564
clients on a managed plan

Our strategic objectives

In 2024, the final year of our 2022–25 strategy Stepping Up In A Changing World, we continued to make good progress against our objectives.

Throughout the year:

Objective 1: Our clients and their needs at the heart of everything we do

- We received feedback from 4,000 clients, and exceeded our targets. We achieved a customer satisfaction score of 73%, a Net Promoter Score of +60 and a service accessibility score of 71%.
- We expanded our award-winning Vulnerability Strategy by embedding British Sign Language resources into the client journey, helping clients to identify illegal money lending, and training colleagues to become Plain Numbers practitioners.

Objective 2: Empowering our people and developing their skills

- In 2024, we launched a new three-year Learning and Development Strategy.
- We completed the roll-out of our Equality, Diversity and Inclusion (EDI) Behaviours Programme and trained over 300 colleagues on EDI fundamentals.

Objective 3: Adapting to a new funding world

- We have worked collaboratively with the UK's largest banks and UK Finance to refine a new, fair funding model, which we expect to pilot in 2025 and will enable our partners to plan and fund debt advice for the long-term.
- Alongside securing over £18.7m in funding from our partners in 2024, we continued our work to diversify our funding. We developed 20 new partnerships, enhancing our collaboration with the energy sector, securing over £8 million in new funding.

Objective 4: Working with our partners

- We onboarded 100 partners to our digital referral tools, delivering training sessions for partners to help them identify signs of vulnerability and debt, and launching a service with OVO Energy, offering debt advice for their most vulnerable customers.
- We continued our sector-wide engagement and collaboration, sharing insights and reports. In September we held our annual partner event, StepChange Connected, bringing together over 175 guests across the industry.

Objective 5: Campaigning to stop people falling into problem debt and helping them to recover if they do

- Following the general election, StepChange called for the new government to put financial security first. We have been engaging with MPs across all parties to raise awareness of our policy priorities and improve protections for consumers.
- Our campaigning successes included seeing the government acknowledge StepChange's calls and announce its plans to regulate the Buy Now Pay Later sector, alongside reducing Universal Credit deductions. In addition, we saw improvements to energy debt collection practises, and reform to private rented sector regulation.
- We published 14 policy and research reports and delivered 30 consultation responses and submissions to Parliament and regulators.

For a full account of our achievements in 2024 read our full Impact Report



Financial review

For the year to 31 December 2024, our group accounts show a net deficit of £1.6m for the year with free reserves of £12.5m at year-end.

Income

In 2024 total income increased to £60.2m compared with £54.7m in 2023. This was primarily due to an increase in donations from £11.9m in 2023 to £17.8m in 2024.

Our unrestricted income includes donations, Fair Share Contributions ("FSC") and income within our operating subsidiaries. FSC remains the group's largest source of income even though it has been reducing over the last four years. However, in 2024 that trend reversed slightly due to an increased number of clients making debt repayments via StepChange solutions, lifting FSC by £1.0m year-on-year. This was however diminished by an increased impact of FSC non-payers reducing the average FSC rate from 10.53% in 2023 to 10.33% in 2024.

It is therefore very welcome to note the increases in donations received, which include a number from the financial services sector and significant funding received from utility companies. The continued support of our funding partners is extremely welcome especially as many of them have agreed ongoing funding for 2025 and 2026.

Our restricted income fell from £3.2m in 2023 to £1.8m in 2024, reflecting the cessation of the grants from the Money and Pensions Service in early 2023.

Operating expenditure

Total operating expenditure for the group was £61.8m (2023: £59.5m). This expenditure includes £4.6m (2023: £1.3m) of expenditure relating to our back office optimisation programme ("BOO"), our new contact centre platform and investment in our digital foundations. Excluding these ongoing investments, our underlying operating costs reduced by £0.6m as we continue to ensure that we deliver efficiencies from previous investments but without detriment to our ability to deliver for our clients.

People costs remain the group's largest area of expenditure, being approximately 70% of total operating costs. In 2024 we continued to deliver efficiencies in our service delivery, with a 3% reduction in our colleague base whilst still helping a similar number of people to 2023. This follows a 7% reduction in the previous year. Continuing to deliver both client service benefits and cost efficiencies from our ongoing digital investment will remain a key focus for 2025 and 2026.

Net operating result

The operating deficit of £1.6m (2023: £4.7m deficit) is comprised of an unrestricted deficit of £1.1m (2023: £3.8m deficit) and a restricted deficit of £0.5m (2023: £0.9m deficit).

The restricted deficits in both years are primarily the in-year utilisation of funding received in prior years relating to our pilot programme to provide debt advice to self-employed individuals.

The unrestricted deficit is stated after the digital investments mentioned above as well as, in 2023, an amortisation charge of £1.5m which relates to the Pulse debt advice development costs that were capitalised as an intangible asset. For 2024 there is no charge since the asset was fully amortised by September 2023.

Capital expenditure

Total additions to tangible fixed assets were £0.3m this year (2023: £0.1m) with additions being primarily items of IT and office equipment.

Subsidiaries

The charity has two subsidiaries, one for the provision of insolvency solutions, and one for equity release and mortgage solutions. Any net proceeds generated by these subsidiaries are distributed via Gift Aid back to the charity. Both operations have been developed to help people become free of problem debt. Within the charity's Statement of Financial Activities, the proceeds from the subsidiaries are not classified as charitable activities but included within donations received.

Cashflow, investments and liquidity

Our investment policy agreed by the Trustees remains to invest in fixed term bank deposits only. Within the year, there was a net decrease in cash and cash equivalents of £4.3m (2023: £2.1m decrease). This decrease is due to utilisation in 2024 of both restricted and unrestricted donations received in 2023.

At 31 December 2024 total cash and cash equivalents were £5.2m (2023: £9.5m) with no funds held on deposit for a period of greater than three months (2023: £NIL).

The group has a liquidity backstop cash requirement agreed with the FCA being a minimum cash balance of £5.25m. Such cash reserves would allow the group to effect an orderly winddown without detriment to clients should the situation ever arise. Group balances dipped slightly below that level at year-end for less than one week due to the timing of payments vs. scheduled receipts.

Reserves policy and management

Reserves are maintained at a level to manage the short-term financial risk, the potential costs of unplanned closure and ensure the long-term viability of the charity given the risks detailed in the "Principal risks and uncertainties" section of this report. Our reserves policy is reviewed by the Board of Trustees at least annually. In assessing the policy, the Board considers the scale of the charity's ongoing cost base, the risk environment, security of funding as well as the investment needs of the group. In line with best practice, our policy includes a lower and upper limit on our free reserves. This ensures that whilst, on one hand, we are ensuring the group's ongoing financial viability, the group is also applying as much funding to its charitable objectives as it reasonably can.

In December 2024 the Board approved our reserves policy unchanged, being that the group's free reserves (i.e. reserves after removing net tangible and intangible fixed assets and restricted funds) will not be allowed to fall below £10m nor to exceed £18m. This range ensures that reserves should be, at minimum, adequate to ensure an orderly winddown of the charity should that route be chosen or required. Above that minimum, slightly higher reserves help create an operating and planning buffer against that minimum level. The Board may also choose to utilise the higher end of the range should funding risk increase or resource be required for significant future investment.

At 31 December 2024 the group's free reserves stood at £12.5m being unrestricted funds of £12.8m less fixed assets of £1.1m plus unamortised landlord fit-out contribution of £0.8m. This is a decrease of £1.1m since the start of the year as we commenced our investment in the new back office debt management systems.

Financial review

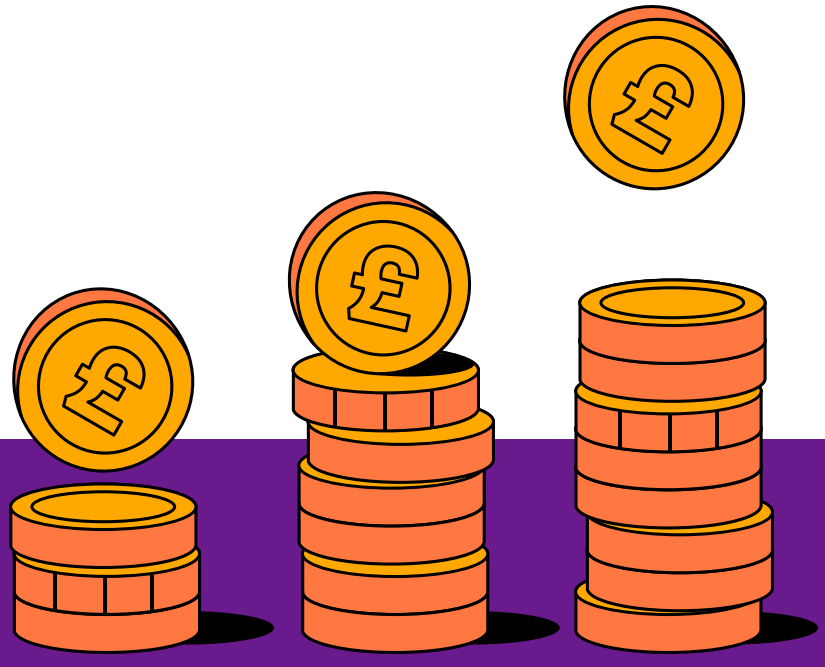
The total balance sheet reserves at 31 December 2024 were £13.2m (2023: £14.8m), of which £0.4m (2023: £0.9m) are restricted in nature.

Investment policy

The group's investment policy is reviewed annually by the Audit, Risk and Compliance Committee. In 2024, the policy has been maintained to continue to invest the surplus liquid funds in fixed-term deposits with maturities of no more than 12 months. This allows the Board the appropriate flexibility and liquidity as we utilise reserves for the BOO programme. However as interest rates have risen we have been able to utilise shorter-term deposits to generate some return on our balances at minimal risk. Interest yield on overall balances in 2024 was 3.1% (2023: 2.0%).

Basis of preparation of the Accounts

In line with the Charities Accounts (Scotland) Regulations 2006 (as amended), the charity has prepared a charity-only Statement of Financial Affairs on page 45, with additional charity-only disclosures made in the notes to the financial statements. The financial statements have been prepared on the going concern basis. The charity has strong financial resources invested with minimal risk and no borrowings.





Principal risks and uncertainties

Our approach to risk management

The Board of Trustees is responsible for approving the charity's approach to risk management, and for setting the type and amount of risk that the charity is willing to accept in pursuit of its objectives.

The Board reviews its risk appetite at least annually to ensure the charity is continuously managing its risks and exposures effectively. This includes considering strategic changes that may impact the type and amount of risk it is willing to take.

The Audit, Risk and Compliance Committee (ARCC), via the charity's Delegated Authority Framework, is accountable for ensuring oversight and maintenance of a sound system of internal control and risk management.

ARCC, in turn, delegates the day-to-day operation of internal controls and risk management to the Executive Team. The Chief Risk Officer has responsibility for the design, implementation and effective operation of the Risk Management Framework.

The charity aims to operate effective processes which enable colleagues to identify, assess, manage, monitor and report on the risks to which StepChange is exposed.

Decisions are based on managed risk-taking in alignment with our risk appetite and in pursuit of our strategic plan. In doing so, we seek to protect the interests of our clients, in line with our obligations under the Financial Conduct Authority (FCA) Consumer Duty, while ensuring the longevity of the charity.



Three lines of defence

The charity operates a 'three lines of defence' model. Our application of this model is tailored to the size, complexity and activities of the charity. The first line owns and operates most controls to mitigate risk and maintain our ongoing compliance. The second line is responsible for the design, implementation and effective operation of the Risk Management Framework, as well as providing assurance, advice, oversight and challenge to the first line. The third line is internal audit which is provisioned on an outsourced basis and delivers independent assurance over first- and second-line activity. It reports to the ARCC to provide an impartial view of the charity's risk and control environment.

Risk Management Framework

Risk management takes place in the context of our culture. Our Risk Management Framework is designed to positively influence behaviours in pursuit of our target culture. Its purpose being to create a common risk language and consistent and effective approach to the management of risks.

Risk Management Framework Summary

Direction

- Risk & Compliance Strategy
- Risk Appetite
- Risk Policies & Standards

Governance

- Governance Committees
- Risk Decisions
- Risk Reporting & Thresholds

Managing

- Risk Registers / Risk & Control Self-Assessment
- Risk Event / Incident Management
- Scenario Analysis & Stress Testing

Monitoring

- **1st Line Assurance** e.g. Quality Monitoring
- **2nd Line Assurance** e.g. Compliance Monitoring, Control Assurance, Risk Reviews
- **3rd Line Assurance** e.g. Internal Audit

Culture

Risk management happens in the context of our culture and our current culture will always influence how colleagues manage risk. Our risk management framework is designed to positively influence behaviours in pursuit of our target culture.



StepChange Debt Charity

Key risks and opportunities

The risk landscape that the charity operates within continues to evolve. A summary of the principal risks and opportunities that the charity is exposed to, and how we manage them is:

Digital transformation

We continue to make significant investments in our digital transformation, which presents a significant opportunity to replace legacy systems and develop new technologies and tools that will enhance our ability to meet the current and future needs of our clients. However, this initiative introduces a heightened risk that we invest in the wrong technologies or our organisational capacity for delivery becomes overstretched, potentially impacting colleagues, costs, timelines, and the quality of output.

To mitigate the risks associated with such an ambitious change programme, we have partnered with transformation experts to help us develop an agile change approach which focuses on the outcomes we aim to achieve and is supported by robust governance. This will help manage an efficient and effective transformation programme.

Debt advice funding model

Securing long-term funding is crucial to ensure we remain financially sustainable and well-equipped to deliver positive client outcomes.

Significant progress has been made toward exploring a pilot with key partners to trial a sustainable debt advice funding model. Whilst this presents a significant opportunity, if the pilot is not successful or does not lead to the establishment of a new funding model for debt advice, we will remain heavily reliant on securing short term donations.

To support this shift, the charity is making developments to enable the sharing of necessary data with partners for the effective operation of the funding model pilot. We will monitor the results closely and collaborate with our partners to deliver a model which enhances support for clients as well as ensuring sustainable recurring funding for debt advice.

Increasing competition

As the debt advice sector becomes more competitive, there is, in turn, more competition from both for-profit and not-for-profit organisations. This is influencing how clients seek debt advice, and there is an increasing need to drive growth, innovation and diversified funding streams to ensure our continued commitment to accessible, high-quality support for our clients.

A key risk is that partners may choose to pilot with our competitors if they perceive them to have superior offerings or are investing more rapidly in technology. There is also the additional risk of clients being directed to fee-charging services.

The charity's 2025-2030 strategy outlines our priorities over the next five years, and how we intend to evolve and innovate our services to continue delivering the best long-term outcomes for our clients. To remain competitive in the debt advice and solutions markets, we are continuing our digital transformation and are focused on ensuring we have the capacity and capability to innovate and deliver services which meet the changing needs of our clients, both now and in the future.

Money Advice and Pensions Service commissioning

The Money Advice and Pensions Service (MaPS) is now preparing the next round of commissioning, inviting organisations in the sector to bid for regional services during 2025/26. This will be followed by national commissioning. We recognise



that these commissioning rounds offer a valuable opportunity to directly impact the wellbeing of clients and have the potential to improve the accessibility and quality of services available to them.

In alignment with our strategy, we will ensure that our approach to bidding is guided by the potential benefits it could provide for our clients. We will carefully consider how the scope, timeline, and approach for MaPS commissioning can best serve the needs of those who rely on the support and services it can offer. We are actively engaging with the commissioning process, including providing input to consultations, to ensure the services focus on good long-term outcomes and meet the diverse needs of clients seeking debt advice.

Client budget sustainability

The impact of higher interest rates and inflation continues to widen the gap between income and essential expenditure, creating a significant challenge for debt advice services where income does not cover essential expenses. This leads to what is known as a negative budget. Approximately 30% of new clients are facing a negative budget, this is slightly lower than the 31.5% seen in 2023 but is still a substantial proportion of our new client base.

Our existing services provide limited options for clients in this position, resulting in some clients being unable to access a repayment solution. Writing off debts is an option for some but does not address the fundamental deficit in a client's budget, leaving them at high risk of problem debt in the future. This challenge is reflected in our client satisfaction results.

We are actively exploring options to further develop our income maximisation offering and prioritise its development to better support our clients in financially vulnerable circumstances.

Our priorities for 2025

2025 is set to be a pivotal year for StepChange. The launch of our new five-year strategy, Stepping Ahead: Destigmatising Debt and Powering Financial Resilience, marks an exciting moment for the charity as we look to the challenges and opportunities in the future. This strategy is the culmination of extensive research, stakeholder engagement, and reflection on the wider debt advice sector and the evolving needs of our clients.

Alongside this, we know that financial pressures on households remain acute. While some commentators suggest the cost-of-living crisis is easing, for many of our clients, that is far from the reality. We have seen significant shifts in our client base, including an 82% increase in the number of clients with mortgage arrears, alongside continuing challenges with council tax debt and energy arrears. As a sector, we must rise to the challenge of helping hundreds of thousands—if not millions—of people to get back on their feet following five years of extraordinary economic and social disruption.

StepChange will continue to play a central role, not only as a service provider but also as a campaigner for systemic change. With a new government in place, we are committed to working across all political parties and all four nations of the UK to ensure meaningful action is taken to support those struggling with debt. We are particularly keen to engage with the government's commitment to developing a new financial inclusion strategy, and we'll work to ensure that those at risk of problem debt are firmly on the agenda.

Launching and embedding our new strategy

2025 will see the launch of our new five-year strategy, followed by a period of embedding and implementation to ensure that we are set up to deliver on our ambitious objectives. Central to our new strategy is a shift in focus – not just helping people to become debt-free, but also supporting them to build long-term financial resilience.

To achieve this, we will develop a comprehensive definition of financial resilience and establish clear metrics for good client outcomes. By refining how we measure success, we can ensure that our services not only provide immediate relief, but also empower people to achieve financial stability and security for the future.

Supporting our clients

For our clients, the cost-of-living crisis is not over. In 2025, we will continue to provide full debt advice to more than 170,000 people, helping them move towards sustainable solutions. This slightly reduced number reflects a more targeted client acquisition model, ensuring that we focus our resources on those we are best placed to serve with full debt advice and long-term solutions.

Ensuring that we reach the right clients at the right time remains a priority. We will continue to invest in public brand awareness, maintaining nationwide recognition through key marketing moments such as Debt Awareness Week. We also aim to grow brand consideration among those who can benefit most from our services.

We will also continue to lead on best practices for supporting clients with additional needs by updating our organisational Vulnerability Strategy. This will ensure that our services are inclusive by design and that all clients, regardless of their circumstances, can access tailored, high-quality support.

Our colleagues

Our colleagues are StepChange's greatest asset, and we are committed to continuing to support, develop, and empower them. In 2024, we achieved a record-high colleague engagement score of 86% for the second consecutive year, a testament to the dedication and passion among our teams.

In 2025, we will further enhance our colleague well-being offering, ensuring that everyone in our organisation has the support they need—particularly those working on the front line with vulnerable clients.

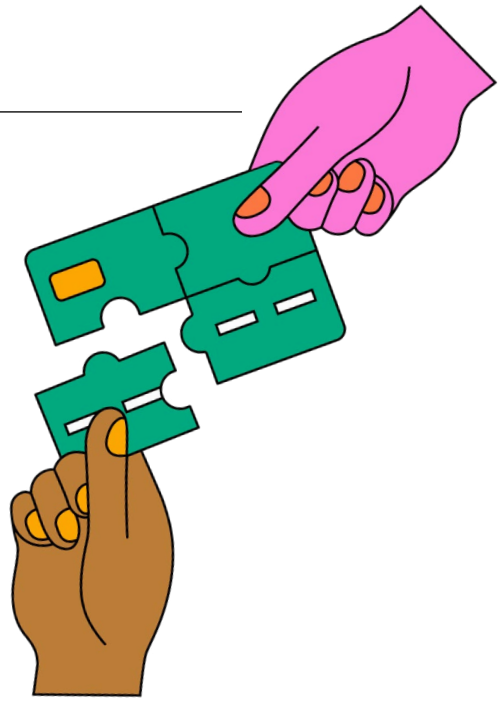
We will also continue our commitment to Equality, Diversity, and Inclusion (EDI) by developing an updated EDI strategy. At a time when some organisations are retreating from EDI work, we remain steadfast in our belief that diversity and inclusion are essential to unlocking the full potential of our teams and ensuring we provide the best possible service to our clients.

Working with the new government

With a new government in place, 2025 presents a crucial opportunity to influence policy and drive meaningful change. StepChange will continue to build relationships across all parties, and work closely with decision makers to ensure that the needs of those in problem debt are prioritised.

We welcome the government's commitment to developing a financial inclusion strategy and will contribute evidence and insights, particularly in areas such as savings and access to affordable credit.

We will also engage with the government's Child Poverty Strategy, recognising that single parents and families with children are disproportionately represented among our clients. We know that they have been among the hardest hit by the cost-of-living crisis.



Working with partners and diversifying our funding

We are incredibly grateful to the valued partners who stepped up in 2024 to fund our essential work, helping us to continue providing lifesaving services while also investing in new technology and innovation.

In 2025, we will further strengthen these partnerships and expand our funding base by:

- **Scaling our small business advice proposition to reach more businesses in need.**
- **Developing our utilities sector partnerships to support people struggling with energy arrears.**
- **Expanding our welfare benefits service, following the successful 2024 pilot.**
- **Driving improvements in the Individual Voluntary Arrangement (IVA) market, ensuring that good client outcomes are placed at the heart of the product.**
- **Enhancing creditor referral pathways with new digital tools for smoother, more efficient client journeys.**
- **Leveraging real-time data on client outcomes to provide creditors with deeper insights into their customers' financial wellbeing.**

Technology and transformation

In 2024 we saw significant progress in StepChange's technological transformation, with the successful implementation of Genesys, our new call centre platform. Rolled out rapidly and with high levels of colleague engagement, Genesys has already improved our ability to support clients and manage colleague capacity more efficiently.

In 2025, we will continue to unlock the full benefits of this new platform, while also retiring outdated legacy systems. These currently underpin back-office processes such as client reviews and payment distributions. These changes will increase efficiency, unlock cost savings, and allow us to deliver even more for our clients with fewer resources.

Meaningful systemic change

StepChange will continue to work with government, regulators, and policymakers to drive meaningful systemic change in 2025. Our key areas of focus will include:

- **Reforming the insolvency landscape to ensure it is fair, effective, and consumer focused.**
- **Advocating for stronger protections and regulatory improvements in debt solutions.**
- **Pushing for reforms in credit reporting and credit markets to encourage early intervention, reduce financial exclusion, and prevent problem debt from escalating.**
- **Addressing persistent issues in the credit market, including revolving credit, persistent debt, Buy Now Pay Later regulation, and the Consumer Credit Act.**

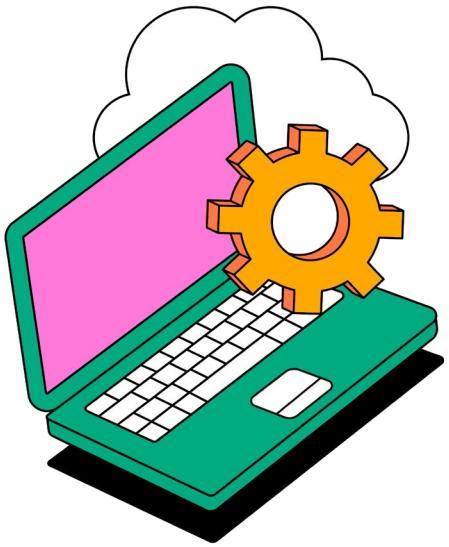
Our goal is to ensure that policy and regulation evolves to support financial resilience, reduce the stigma around debt, and create a fairer and more effective credit system for consumers.

Consumer Credit Counselling Service (Equity Release)

As part of our strategic review, and following two years of difficult conditions in the equity release and mortgage markets, the Board decided, in April 2025, to cease new business in our subsidiary company Consumer Credit Counselling Service (Equity Release) Limited and to support the company in commencing an orderly wind-down. While this is a difficult decision, it will help enable the charity to focus its resources on where it can make the biggest impact to clients on a cost effective basis. The charity will continue to recommend equity release solutions where appropriate but via referral to a selected external partner. As a consequence the parent charity will cease to recharge costs to this subsidiary for 2025.

Conclusion

2025 will be a defining year for StepChange. With the launch of our new strategy, we are embarking on an ambitious journey to not only help people become debt-free but to ensure they are supported in building long-term financial resilience. Through our commitment to clients, colleagues, partners, and policy change, we will work tirelessly to improve outcomes, break down stigma, and create a fairer financial system for all.





Structure, governance and management

Structure and management

Foundation for Credit Counselling ("the charity"), which trades under the name StepChange Debt Charity, is a company limited by guarantee and is registered as a charity (no. 1016630 in England and Wales, and SC046263 in Scotland). It has two active subsidiary companies:

- **Consumer Credit Counselling Services (Equity Release) Ltd, company number 06741879.**
- **Consumer Credit Counselling Service Voluntary Arrangements Ltd, company number 05659160.**

The charity is authorised and regulated by the Financial Conduct Authority (FCA no. 729047) to provide debt adjusting and debt counselling services. It is permitted to hold client money as a not-for-profit firm and holds limited permission under the FCA Handbook within its flexible firm portfolio.

Consumer Credit Counselling Service (Equity Release) Ltd is separately authorised and regulated by the Financial Conduct Authority (FCA no. 517674) to advise and arrange home reversion plans and mortgage contracts.

Both the charity and Consumer Credit Counselling Service (Equity Release) Ltd fall under the FCA's Senior Managers and Certification Regime for solo-regulated consumer credit firms, as 'limited' and 'core' firms, respectively. Appropriate arrangements are in place to ensure both entities comply with the requirements of the regime.

Consumer Credit Counselling Service Voluntary Arrangements Ltd employs Insolvency Practitioners that are licensed and authorised by the Insolvency Practitioners Association (IPA).

Board of Trustees

The charity is governed by a Board of Trustees ("the Board") and currently consists of ten Trustees. In 2024, one new Trustee – Janet Pope – was appointed. On 30 April 2024, the Chair of the Board, John Griffith-Jones, stood down from the role after over five years. Following an open recruitment process, Lesley Titcomb CBE was appointed Chair from 1 May 2024. The Board is supported by a Company Secretary – Catherine Smith – appointed in February 2024 and an officer of the company. Arrangements were put in place during late 2024 to recruit up to three Trustees in 2025.

For the purposes of company law, all Trustees are Directors of the charity. Trustees have a duty to act in the best interest of the charity and must not place themselves in a position where they have, or may have, direct or indirect interests that conflict with their duties. As such, the charity has a conflict-of-interest policy in place, which sets out guidelines and procedures for identifying, monitoring, and managing actual and potential conflicts of interest. A register of Trustees' interests is maintained, and reviewed annually by the Board, with interim updates presented at Board meetings whenever amendments or additions are made. There is a standing agenda item at each Trustee meeting requiring those present to declare any conflicts of interest relating to matters to be discussed at the meeting. Trustees and members of the Executive team sign an annual declaration to confirm the accuracy of their declared interests.

The Board has a Schedule of Matters Reserved and is responsible for setting the group's strategic direction, overseeing governance and risk, setting budgets, and ensuring that the charity achieves its objectives and complies with its legal and regulatory obligations. Some specific duties of the Board are delegated to the Audit, Risk and Compliance Committee, and the Nomination and Remuneration

Committee, with the day-to-day running of the charity managed by the Executive Team.

The Board held five full meetings during 2024, as well as strategic planning days and additional shorter meetings held on specific subject areas as required.

On behalf of the Board, the Nomination and Remuneration Committee oversees arrangements for Board and Trustee effectiveness and the periodic review of the collective performance of the Board and its Committees. During 2024, with the appointment of a new Chair and Company Secretary, we continued to review our performance and further strengthen our governance practice. In addition, the Chair has annual discussions with individual Trustees to review their performance and contribution to the Board; the performance of the Chair is reviewed annually by the Senior Independent Director.

Trustee induction and development

The induction of new Trustees is facilitated by the Company Secretariat function. Trustees receive a comprehensive induction pack providing reference information covering the background of the charity, its structure and status, its method of operation, its finances, and the environment in which it operates. Trustees have access to the charity's Board Portal which contains past Board and committee meeting packs, policies, and strategy documents. Governance information is also provided via the Charity Governance Code and key Charity Commission guidance including "The Essential Trustee," and the NCVO's online training session on Trustee roles and responsibilities. The Trustee induction programme also involves meetings with managers across the different functions of the charity, as well as client call listening and other observation sessions with front line operations colleagues. Additional tailored induction sessions are arranged for individual Trustees as required. A Trustee mentoring system for those joining the Board in their first Trustee role is also in place.

Following initial induction activity, there are a number of ongoing development opportunities available for Trustees. In addition to support for any specific training or development activity that may be identified or requested, for example through the annual review process, additional areas of learning and insight are covered via activities such as stakeholder engagement sessions and through engaging external expertise. Notably in 2024, there was a development session run for Trustees regarding monitoring agile programmes, as well as the establishment of a new programme of focused 'familiarisation' sessions providing Trustees with further insights into key areas such as regulatory compliance, public affairs and campaigning, finance, and the wider debt management sector.

Trustee term of duty

New Trustees are initially appointed for a term of three years, which may be extended for a further three years upon approval by the Board. A Trustee may, in exceptional circumstances, be appointed for a third three-year term where the Board determines that it is in the best interest of the charity, and in line with agreed criteria for such an extended term.

Trustees, with the exception of the Chair of the Board, receive no remuneration for their services, but are entitled to receive reasonable expenses when costs are incurred as a result of carrying out their normal duties and responsibilities. A Trustee Expenses Policy aligning with Charity Commission guidance is in place to ensure no Trustee is 'out of pocket' as a result of carrying out their Trustee duties and responsibilities and, importantly, to help ensure that being a Trustee is open to all. Third-party indemnity provision is in place for the Trustees.

Board and Committee meeting structure

The Board has two specialist committees to assist it with its work – Audit, Risk and Compliance, and Nomination and Remuneration – which have specific responsibilities as outlined below. Trustees may be invited to serve on one or more Board committees. Executive team members attend Board and Committee meetings by invitation. Committee membership details are shown in the table on page 29. The Chair of each Committee reports back to the Board at its next formal meeting and minutes of Committee meetings are circulated to all Trustees.

Audit, Risk and Compliance Committee

The Audit, Risk and Compliance Committee's purpose is to provide assurance to the Board that the group as a whole has an effective system of internal controls, risk management, and financial reporting. This includes oversight of internal and external audit processes. The areas covered within the Committee's terms of reference include financial reporting; internal controls and risk management systems; financial crime, whistleblowing, and anti-bribery; internal audit; and external audit. The Committee met five times in 2024.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee's purpose is to provide oversight of Trustee and Executive appointments, remuneration, and organisational culture arrangements. The areas covered within the committee's terms of reference include Board and Committee composition; selection processes for Trustees and the Executive; succession planning; Board, Trustee and executive performance; the overall reward and recognition framework; equality, diversity and inclusion; organisational culture; contractual arrangements for the Executive Team; and the review of remuneration trends and market analyses. The Committee met three times in 2024, in addition to meetings relating to the recruitment of new Trustees.

Executive

The Executive team manages the charity's daily activities. Responsibilities are governed through formally minuted monthly meetings of the Executive Board, quarterly meetings of the Executive Risk and Conduct Committee, and biannual meetings of the Executive Talent Board.

The Executive Board provides focus on strategy and planning, day-to-day oversight and management of the operations of the charity, including financial and colleague performance management, service delivery and operational volumes. It develops business plans, policies, procedures, and budgets for presentation to the Board of Trustees and has responsibility for their implementation whilst ensuring the effective delivery of the charity's purpose, strategy, and objectives. The Executive Board also oversees the change portfolio, ensuring this aligns to strategic objectives, and that programmes are delivering value.

The Executive Risk and Conduct Committee provides oversight of the risk, compliance, audit, and control framework for the charity, and informs the Executive of material risks, breaches, or operational failures to enable timely escalation to the Board and the Audit, Risk and Compliance Committee. The areas covered within its terms of reference include risk management; compliance; information security and data protection; client money; financial crime; health and safety; and internal audit.

The Executive Talent Board is set up to ensure that the charity has the talent it needs currently, and in the future, to deliver its strategic priorities. As part of managing the people and wider risk agenda, the Board reviews the senior leadership talent matrix and succession plan to identify high potential colleagues and capture succession gaps and opportunities, and solutions and strategies to accelerate talent needs and ambitions.

In addition, the two subsidiary companies – Consumer Credit Counselling Services (Equity Release) Ltd and Consumer Credit Counselling Services Voluntary Arrangements Ltd – each have their own Board of Directors and meet at least quarterly. The Consumer Credit Counselling Services (Equity Release) Ltd Board held additional monthly meetings during 2024 to closely monitor performance. Yvonne MacDermid, as a StepChange Trustee, sits as Non-Executive Director on both the subsidiary Boards, and the StepChange CEO Vikki Brownridge is Chair of both Boards; there are regular reports on the work of the subsidiaries to the StepChange Board as parent company, including the circulation of minutes of Subsidiary Board meetings.

Charity Governance Code

The charity's Governance Framework aligns with the principles of the 'Charity Governance Code for Larger Charities.' The Code's seven principles cover organisational purpose; leadership; integrity; decision making, risk and control; Board effectiveness; equality, diversity, and inclusion; and openness and transparency. The charity is committed to maintaining the highest standards of governance and uses the Code as a practical point of reference to drive a process of continual improvement built upon the Code's principles, key outcomes, and recommended practice. During 2024, the charity actively contributed to the review of the Charity Governance Code through participation in the consultation and the associated roundtable event.

The Board effectiveness review undertaken by an external third-party in 2022 included a positive assessment of the charity's performance against the Code principles, and actions were taken to address key recommendations to strengthen governance systems and practices.

Equality, diversity and inclusion

The Board recognises that embedding equality, diversity, and inclusion (EDI) in the charity is essential to best support its clients, ensuring it provides public benefit and can deliver its strategic objectives. It is recognised that a diverse and inclusive organisation also helps attract, retain and develop the best talent, better supporting innovation, enhancing our brand and reputation, and is vital for our client, colleague, and wider stakeholder relationships.

In 2022 we published our first formal EDI strategy, this was known as Stepping Up to Equality, Diversity and Inclusion. Starting with foundations, we have raised EDI awareness

by offering training to our colleagues as part of our EDI Behaviours Programme which encourages colleagues to embed EDI within their roles; 490 colleagues have participated to date including the Executive and Senior Leadership Teams with further training roll-out planned in 2025.

In 2024, members of the Executive and Senior Leadership Teams have shared their lived experience of disability. This resulted in us releasing Disability Awareness Training and an Accessible Meeting Guide. We have also continued to celebrate religious festivals such as Eid, Diwali, Hanukkah and Christmas throughout the year. Another highlight for us was participating in the Leeds Pride Parade for the first time.

We have continued to collate data as part of our diversity data campaign with completion rates currently at 45%; this has increased our understanding of the demographic profile of our colleagues, highlighting the breadth of diversity across a number of indicators, and helped us to identify areas to focus. We published our first ever colleague data report, sharing the demographic make-up of our organisation with our colleagues to facilitate collective understanding.

Our recruitment data shows us that we are attracting a diverse pool of candidates, and we are taking steps to continue to increase inclusivity within every stage of our recruitment process to enhance the candidate experience. In 2024, we welcomed a new Chief Operating Officer to our Executive team, maintaining a good gender balance with 43% female and 57% male representation.

We are pleased to note that our actions are driving results in terms of our colleague engagement which has increased by eleven percentage points when compared to 2021. Executive members continue to hold regular listening sessions across our locations with colleagues who are invited to share their experience and recommendations for improving inclusion. The Board also ensures that it hears from a variety of stakeholders at regular intervals in the year to hear real-time feedback.

Looking ahead, a key priority for 2025 will be the development and launch of our refreshed equality, diversity and inclusion strategy that will support the delivery of our charitable purposes and our new organisational strategy.

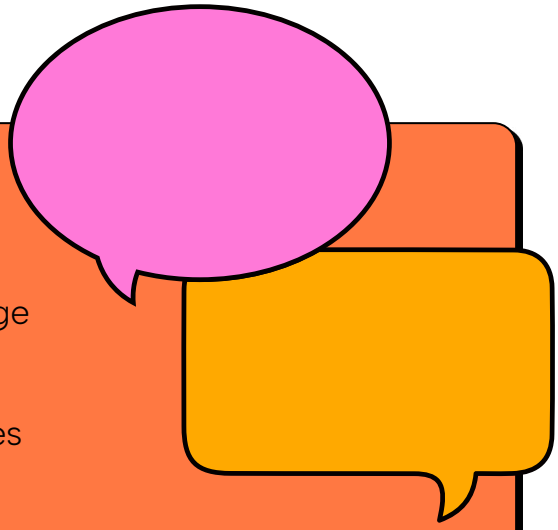
Within its own practice, the Board recognises the value of a diverse group of Trustees, with a broad range of experience, skills, background, and perspectives. It aims to adopt an inclusive culture that helps promote balanced decision-making that best serves its clients and wider society. The Nomination and Remuneration Committee regularly carries out an audit of skills, experience, and diversity of Trustees to identify gaps, and to inform Trustee recruitment and training; these were most recently refreshed in 2024. When recruiting new Trustees, the Committee considers how best to attract a diverse pool of candidates, taking steps to ensure there is an inclusive recruitment process and considering where and how Trustee vacancies are publicised. This approach has increased representation on the Board, including through the recruitment of two Trustees with lived experience of problem debt that joined in 2023.

The Nomination and Remuneration Committee on behalf of the Board continues to lead on monitoring the implementation of the EDI strategy. The Committee chair, Helen Dean, takes on the role of Trustee EDI champion.

Stakeholder engagement

The Board recognises the value of effective engagement with the charity's stakeholders, including clients, colleagues, partners, regulators and across its wider eco-system. This is to both build trust and confidence, as well as informing its own decision-making and measuring the charity's success in achieving its charitable purposes and strategic objectives. The Chair of the Board, and other Trustees, are involved in regular external meetings and events with partners and the wider debt advice sector, as well as participating in client call-listening exercises, receiving quarterly 'Voice of the client' reports, and undertaking site visits to StepChange offices across the country to meet colleagues.

Of particular note in 2024:



Client focus group:

A new approach to client focus groups was started in January 2024 with attendance by a small group of Trustees. The objective of the group is for StepChange to undertake research with clients. Our Trustees observe these sessions to hear first-hand about the experiences, needs and wants of clients. This provides valuable insight to the Board and the charity to help shape future propositions and client experiences. It also keeps Trustees up to date with issues affecting clients and provides insight into the impact on their lives. We held two focus groups in 2024, and outputs and recommendations from each session are shared with the full Board and with the Client Steering Group who ensure any improvements are progressed.



Colleague engagement sessions:

As part of its planning awaydays in summer 2024, the Board trialled a new format for colleague engagement sessions, enabling all Trustees to meet informally in small groups with colleagues from across different areas of the charity. This represented the voice of the creditor, client and colleague. The sessions proved to be insightful and positive for Trustees and colleagues alike, with the format to be further developed and built into future planning days.

Remuneration of senior employees

The charity has a pay management policy which applies to all colleagues and is regularly reviewed by the Nomination and Remuneration Committee and approved by the Board, most recently in December 2024. As set out in the pay management policy, the overriding principle is for the charity's total reward offering to be competitive, fair, and sustainable. The principles guiding the charity's pay management approach include basic pay reflecting a colleague's skills, competence, and capability to perform their role, a commitment to equal pay in accordance with the charity's approach to equality, diversity, and inclusion, and that all roles are aligned to a pay range built around market median pay levels.

The pay management policy reflects the current approach to pay and rewards introduced by the strategy, and clarifies how pay will be benchmarked and managed. This includes annual pay reviews, and other increases to reflect the development of skills and knowledge.

The Nomination and Remuneration Committee determines the remuneration of the Executive team and recommends to the Board the remuneration of the Chief Executive, in line with the pay management policy. Executive appointments are subject to fair and open competition, with salary levels determined by benchmarking and set at advertising stage. As the CEOs salary was set as a developmental salary, this has been reviewed for 2025 to take into account the evolving nature of the role and market benchmarking.

The remuneration of the higher paid employees are published in the financial section of the annual report.



Trustees' report

Board of Trustees on 30 April 2025		Delegated Board Committees		Operating Subsidiaries Boards
Trustees	**Year of appointment**	**Audit, Risk and Compliance**	**Nomination and Remuneration**	
Lesley Titcomb CBE (Chair of the Board)	2019		Member	
Sue Acton	2023		Member	
Mike Ashley	2023	Member		
Nick Caplan	2019	Chair		
Helen Dean CBE	2019		Chair	
Liz Harding	2023		Member	
Yvonne MacDermid OBE	2021			Director
Janet Pope	2024	Member		
Chris Stern (Senior Independent Director)	2016	Member	Member	
Chris Wood	2021		Member	

John Griffiths-Jones stood down as Trustee and Chair of the Board with effect from 30 April 2024.
Tim Frost stood down as Trustee with effect from 30 June 2024.

Trustees

Lesley Titcomb CBE

Lesley joined the StepChange Board in 2019 and was appointed Chair in May 2024. She is also a member of the Nomination and Remuneration Committee.

Lesley is Chair of the Market Harborough Building Society and is an independent Non-Executive director of Pay.UK. She recently stood down as an independent Non-Executive Director and Audit Committee Chair at the National Bank of Kuwait (International) plc. She is also a Governor of the University of Hertfordshire where she chairs the People and Culture Committee and the Vice-Chancellor's Remuneration Committee. She was previously Chief Executive of The Pensions Regulator.

Lesley has worked in many different roles in financial services regulation since 1992 and before joining The Pensions Regulator was Chief Operating Officer and a Board member of the Financial Conduct Authority from 2010 to 2015. She is also a qualified Chartered Accountant.

Sue Acton

Sue joined the Board in 2023. She is a member of the Nomination and Remuneration Committee. She is a freelance consultant, drawing on the rich experience of an unusual career path. Her focus is customer vulnerability and financial services, as well as gambling related harm.

After graduating from Oxford with a degree in Experimental Psychology, Sue joined Barclays. She held senior roles in operations, marketing, and diversity and inclusion before leaving over ten years later. A period of entrepreneurial and third sector activity followed. Then, after overcoming some personal challenges, Sue returned to banking as part of the vulnerable customer team at Monzo.

Recent experience of working directly with people in difficult situations, combined with her own lived experience of financial difficulty, means Sue brings a unique perspective to her work.

Sue lives in Warwickshire. She is part-way through an MSc in Psychology and would like to study for a PhD, ideally whilst exploring the UK and beyond in a campervan.

Mike Ashley

Mike joined the Board in 2023. He is a member of the Audit, Risk and Compliance Committee. Until early 2023, he was a Non-Executive Director and Chair of the Audit Committee of Barclays Plc, a role he had taken on following retirement from KPMG in September 2013.

At KPMG he had spent most of his career as an audit partner focused primarily on the banking sector but latterly was also responsible for KPMG's own risk management and was the firm's designated Ethics Partner.

He is currently a Trustee at the Charities Aid Foundation and at The Scout Association and has previously held Board member roles at the Cabinet Office and the Charity Commission.



Nick Caplan

Nick joined the Board in 2019. He is Chair of the Audit, Risk and Compliance Committee. Nick brings technology, strategy and operational experience from a broad range of sectors. He has worked in technology and financial services for much of his career and has co-founded a number of companies in both the fintech and data/technology areas.

Nick is a Director of Vitality Life and Health, Chair of AND Digital, and Thatcham Research. Significant prior roles included Chair of Faster Payments, a key part of the UK's payments infrastructure,; Chair of MyCSP a public sector pensions administrator and an executive director of Logica, a major IT services company.

Helen Dean CBE

Helen joined the StepChange Board in 2019 and is Chair of the Nomination and Remuneration Committee, and the Board Champion for Equality, Diversity and Inclusion.

Helen is one of the architects of auto enrolment, having started her career at the Department for Work and Pensions where she developed the policy and legislation for the pension reforms that led to auto enrolment and the establishment of Nest; she was CEO of Nest from 2015 to 2024.

Helen cares deeply about delivering great outcomes for savers through sustainable and responsible investment, connecting with the new cohort of savers generated by auto enrolment and about promoting diversity across our industry. She is a mentor to younger pensions and non-pensions professionals, offering guidance and coaching. Throughout her career Helen has maintained a passionate interest in addressing financial inequalities and promoting financial resilience across society.



Helen is Chair of the Standard Life Master Trust, a Governor of the Pensions Policy Institute (PPI) and Chair of the Governance Committee for Your Island Pension, the automatic enrolment pension which will be introduced by the States of Guernsey in 2024. She is also a Non-Executive Director of the Scottish Government. Helen was awarded a CBE in the 2021 New Year Honours list for her services to pension saving.

Liz Harding

Liz joined the Board in July 2023. She is a member of the Nomination and Remuneration Committee. She brings lived experience to the Board as a previous beneficiary of the charity's life changing services and a true passion for the cause.

She is a people management specialist and freelance consultant supporting organisations through periods of transformative change and growth, with experience as a Charity CEO and senior leader across a variety of sectors.

Liz has an understanding and appreciation of the importance of meeting an individual's needs, ensuring clients and consumers remain at the heart of decision making.

Yvonne MacDermid OBE

Yvonne joined the StepChange Board in 2021. She is also a Non-Executive Director of the charity's two trading subsidiaries, Consumer Credit Counselling Services (Equity Release) Ltd and Consumer Credit Counselling Services Voluntary Arrangements Ltd.

She has been involved in credit and debt matters for over 36 years and stood down in 2021 after almost 24 years as Chief Executive of Money Advice Scotland. Yvonne is passionate about the provision of debt advice and financial education and treating customers fairly. Given the current economic and cost of living crisis, she is particularly concerned about how we ensure vulnerable consumers are not left out in the cold. Yvonne is currently leading the Independent Review of Scottish statutory debt solutions.

Yvonne is a Non-Executive Board member and Director sitting on three Boards from across the public, private and voluntary sectors, including the Credit Services Association and its subsidiary. She is also Board Director of Pollok Credit Union.

In 2002 Yvonne received the OBE for services to disadvantaged communities, and in 2018 she was awarded the inaugural "Women in Credit" Lifetime Achievement Award.

Janet Pope

Janet joined the Board in January 2024. She is a member of the Audit, Risk and Compliance Committee. She joined Lloyds Banking Group in 2008 to run the savings business and from 2012 to 2023 was Chief of Staff and Chief Sustainability Officer, a Group Executive Committee role.

She was previously Chief Executive at Alliance Trust Savings, prior to which she was EVP Global Strategy at Visa International.

Janet spent 10 years at Standard Chartered Bank where she held a variety of roles including Retail Banking MD for Africa and Non-Executive directorships at Standard Chartered Bank Zimbabwe, Kenya, Zambia, and Botswana.

Janet has extensive Non-Executive experience in government departments, charities, and the private sector. She is currently Chair of the Charities Aid Foundation Bank, a member of the Yorkshire Building Society Board and chair of its Environment and Social Purpose Committee, a member of the Shared Ownership Council Board, and Trustee of Camden School for Girls.

Chris Stern

Chris Stern, FCCA FCMI, was appointed to the Board in 2016. He is the Senior Independent Director at StepChange and is a member of the Audit, Risk and Compliance Committee, and the Nomination and Remuneration Committee. He has significant Financial Services and Customer Service experience gained across a range of roles and sectors in both senior Executive and Non-Executive roles. In addition to his role at StepChange, he holds a number of Trustee positions with the youth charity YMCA and is on the Boards of National YMCA England and Wales, and St Paul's Group.

Chris previously held a number of senior Executive and Non-Executive positions within the Centrica Group. These include Chair of British Gas Insurance and British Gas Finance Ltd (a regulated Consumer Credit provider) and NED of British Gas Services (a regulated Financial Service intermediary) and Finance Director roles within the Financial Services, Customer and Retail Services, and Automotive sectors.

Chris is a qualified accountant and a Lay Minister within the Church of England.

Chris Wood

Chris joined the Board in 2021. He is a member of the Nomination and Remuneration Committee. He has significant Financial Services, Lending and Payments experience, and is a qualified chartered accountant.

Chris is a seasoned executive with over three decades of experience running scale businesses within the payments industry. For the last three years, he has successfully led the Worldpay SMB business in the UK and Ireland. Prior to joining Worldpay, Chris held senior leadership roles at Barclays and Barclaycard, where he oversaw large-scale operations across the UK, Europe, and North America. He began his career as a consultant at Accenture, where he specialised in financial services and comms/hi-tech, working with clients across Europe, North America, and Australasia.

Other Officers:

Catherine Smith – Company Secretary

Catherine joined the charity in February 2024 as the Legal Counsel and Company Secretary. Catherine was previously Head of Governance, Compliance and Risk at Leeds Hospitals Charity, and has also worked in the education sector, holding roles in governance, project management, process improvement and strategic planning. Catherine has previously been a charity Trustee, is a member of the Chartered Governance Institute, and has recently completed a Masters in Corporate Governance.



Executive

Vikki Brownridge – Chief Executive

Prior to Vikki's role of CEO which she took up in May 2023, she led the charity's operational teams who provide debt advice and ongoing solution service provision for our clients across a number of sites and all jurisdictions in the UK.

She has worked at the charity since 2005 and has held several senior leadership positions including Head of Debt Advice where she was instrumental in the launch of the sector's first online debt advice service, and Director of Client Experience where she was responsible for the charity's strategic relationships and funding. Over the years Vikki has also played an active role in shaping and defining the sector working alongside the Money and Pensions Service and other debt advice charities.

Vikki is also a Trustee of Frank Parkinson Yorkshire Trust, a local Leeds based charity that provides alms houses for residents over the age of 65, and a Board member at the Money Advice Liaison Group.

Earlier in her career Vikki held leadership positions within outsourced providers and financial services organisations.



Gail Arkle – Chief Growth Officer

Gail joined the charity in 2019 as Head of Insight, Strategy and Business Development, and was promoted to the Executive Team in 2021 as Director of Client Experience. Following a restructure of the Executive Team in 2023, Gail assumed the role of Chief Growth Officer in January 2024, leading the Growth and Innovation directorate.

In her role of Chief Growth Officer, Gail has accountability for insight and strategy, strategic partnerships, business development, bid management, commercial and innovation teams in delivering the long-term growth aspirations of the charity. The work of the Growth and Innovation directorate is key to securing debt advice referrals from our 1,500 strong partnership network and associated funding to cover the costs of all service provision. In line with the charity's five-year strategy, the directorate is also responsible for the evolution of our services and solutions to meet changing client needs and to deliver long term good client outcomes.

With over 25 years' experience, including 18 years working in leadership roles in the third sector and public services outsourcing sector, she has successfully led marketing and commercial teams in the delivery of strategies to future proof organisations, realising corporate objectives and also delivering against annual key performance metrics. Most notably, in leadership roles securing high value funding for the delivery of essential social and societal services.

Gail is a Fellow of the Chartered Institute of Marketing ('FCIM'), and in her spare time oversees the financial performance of ArkleBoyce Architects Ltd, ensuring the ongoing growth of the practice.

Richard Britten – Chief Finance Officer

Richard joined the charity in 2018 bringing strategic, commercial, and financial leadership experience gained across several commercial organisations. This experience helps to ensure that StepChange can deliver on its charitable objectives whilst also being commercially focused and efficient in the provision of its services.

He is also responsible for the oversight of the charity's regulatory finance function ensuring that client money is handled and protected in accordance with the FCA's guidance.

Richard brings a wealth of experience gained in senior financial roles within regulated financial services at Mitchell Farrar Group and Provident Financial plc, as well as broad commercial finance roles gained internationally with Enterprise Oil plc. Richard is a Chartered Accountant having qualified at EY in London.

Charlotte Chambers – Chief Technology and Information Officer

Charlotte joined the charity as Chief Technology and Information Officer, accountable for all of Digital and Change Services across the group.

The work Digital and Change Services deliver is key to underpinning the longer-term strategic outcomes of StepChange as well as the current services and products we supply to clients and creditors. Charlotte is accountable for delivering the digital strategy and longer-term digital transformation for the group as well as the IT operations and support services.

Charlotte has over 25 years' experience working in technology and change roles, working across multiple sectors, including 10+ years in the retail sector. Charlotte is passionate about supporting future talent through coaching and mentoring and led the Women in Technology programme at Asda.

Charlotte still lives in the North East with her family and has recently volunteered to be a mentor for The Girls Network, whose mission is to inspire and empower girls from the least advantaged communities.

Martin Clift – Chief Operating Officer

Martin joined the charity in September 2024 as Chief Operating Officer. He leads the charity's client facing operations department, which covers all our debt advice and client support services. He is responsible for the charity's physical estate and facilities, accountable for health and safety and sustainability.

In addition, he is the Executive Sponsor for our digital transformation and back office optimisation programmes. He also now leads StepChange's two operating subsidiaries – Consumer Credit Counselling Services (Equity Release) Ltd and Consumer Credit Counselling Services Voluntary Arrangements Ltd. They offer mortgage and equity release advice and products and insolvency solutions for those struggling with their finances. He is passionate about ensuring good client outcomes enabled by digital first services backed by trusted experts, for all who access StepChange's services.

Previously Martin has worked in financial services for many years, across a number of roles, most notably leading mortgage operations for a large retail bank, where he led a number of significant transformation programmes, positively impacting both customer experience and organisational efficiency.

Martin lives in Nottingham and is a keen walker, cyclist and follower of Sheffield United and England cricket.

Richard Lane – Chief Client Officer

Richard joined the charity in 2018 as Director of External Affairs, and took up the role of Chief Client Officer in 2024. He leads the charity's External Affairs and Product and Marketing departments, which covers our marketing, policy, campaigning, and communications functions, as well as the design of all of StepChange's products and services to meet evolving client need.

He is passionate about putting the voice of our clients at the heart of everything we do and ensuring good client outcomes for those access StepChange's services.

Between 2020 – 2024 Richard also led StepChange's two operating subsidiaries – StepChange Financial Solutions and StepChange Voluntary Arrangements – that offer mortgage and equity release advice and products and insolvency solutions for those struggling with their finances.

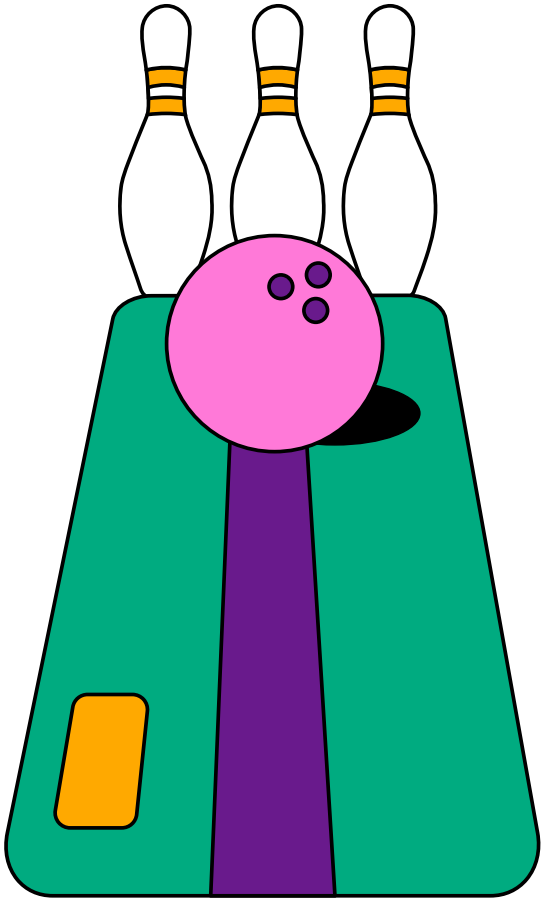
Richard has worked across the charity sector in a number of roles, notably leading the communications and campaigns teams at the national disability charity, Scope, and working on campaigns and public affairs at the LGBT charity Stonewall.

Richard lives in London and is a keen cyclist, ParkRunner and, in his spare time, is a Trustee of the Sheila McKechnie Foundation.

Alex Pitcher – Chief Risk Officer

Alex joined the charity in 2023 as Chief Risk Officer and is responsible for ensuring that threats to achieving StepChange's strategy are well-managed and that we deliver good outcomes for all of the clients that we serve. He leads our risk management, governance, legal, data protection and regulatory compliance functions.

Prior to joining StepChange, Alex built his risk, compliance and audit experience in various roles at TransUnion, Yorkshire Building Society, PwC and NatWest. He is also chair of Trustees at C3 Life Church and a Trustee of Oasis Community Housing.



Charitable purposes and the public benefit

Trustees confirm that they have had regard to the Charity Commission's guidance on public benefit in reporting on the charity's objectives and achievements (on pages 8 to 9), in its planning activities, when exercising their powers and duties, including when setting policies and priorities for the year ahead.

The Board reviews the charity's strategic aims and objectives each year to ensure they remain focused on its charitable purposes. The charitable purposes are also reviewed periodically alongside the external environment in which the charity operates, to make sure that StepChange and its purposes stay relevant and valid.

These charitable purposes, according to definitions within the Charities Act 2011 and set out in the charity's Articles of Association are (i) the prevention or relief of poverty amongst persons who are in debt, and (ii) to advance the education of the public in general (and particularly amongst persons in debt or at risk of falling into debt) on the subject of financial budgeting, financial products and financial services.

Section 172(1) Statement

The Trustees, as company directors of StepChange, must act in accordance with a set of general duties as detailed in Section 172 of the Companies Act 2006, which sets out their duty to promote the success of the company, and in doing so have regard to;

a. Consequences of any decision in the long term

Trustees developed StepChange's priorities (page 9 of this report) as part of a long-term strategy to eradicate problem debt in the UK, which supports fulfilment of our charitable purposes. The needs of our clients and those of our other key stakeholders form the bedrock of our strategic plans. Trustees routinely review the external landscape, including the political environment, and seek and evaluate feedback from our various stakeholders, to ensure that our plans are adapted, as necessary, to meet changing circumstances. Trustees keep under review the charity's principal risks and opportunities, consider emerging risks and ensure that our plans are adapted in response as appropriate. More information on our risks can be found on pages 14 to 17 of this report.

b. The interests of the charity's colleagues

Our people are absolutely crucial to our success. Our Trustees and Executive consider the interests of our colleagues, ensuring that through regular colleague engagement there is a strong understanding of their needs and that these are considered as part of the charity's strategic priorities. Our record colleague engagement survey results, which confirmed we are in the upper quartile of several hundreds of firms surveyed nationally, and the positive findings in our externally led culture audit, demonstrate our strong focus on our colleagues.

Our decision-making processes consider the impact of potential decisions on our colleagues. For example, all colleagues whose roles can be performed from home were consulted to inform our hybrid working policy. We regularly consult with our Joint Consultative Committee that is formed from elected colleague representatives

on key aspects of the charity's operation. For example, we discussed our annual pay review proposals at an early stage with them before confirming our approach and sought their feedback on the development of the new five-year strategy.

Our employee strategy reflects concerns raised by colleagues. We listen to the needs of our colleagues and respond; for instance, we implemented a range of solutions to support wellbeing, stress management and financial management and made these available to all our colleagues, alongside access to our Employee Assistance Programme.

c. Fostering the charity's business relationships with clients, suppliers and others

Our charity exists for public benefit, central to that is fostering strong relationships with our clients, engaging them to ensure we understand and meet their needs. Our client insights from market research, surveys, focus groups and listening sessions with the Executive drives our understanding of how our different client groups receive our services, helping us build a detailed picture of the value we provide and where we can continue to improve. We have developed strong relationships with key suppliers who support our technical infrastructure, to develop mutually beneficial relationships that support the technical advancement of our services to benefit our clients. We ensure that our day-to-day business interactions with all suppliers are conducted in a professional, fair and respectful manner.

d. Impact of the charity's operations on the community and the environment

We recognise our responsibilities to our communities, stakeholders, wider society and environment, and ensure our interactions align with our charitable purposes, values and resources and reflect our responsibility to provide public benefit. This includes our recognition of the urgent need to address climate change and our commitment to promote sustainability and reduce our environmental impact. Our key priorities include a continual improvement of our environmental performance across all aspects of our operations through minimising carbon emissions, integrating environmental considerations into our decision-making processes, educating and engaging our people about environmental issues and sustainable practices, and complying with all relevant environmental legislation.

e. Maintaining a reputation for high standards of business conduct

As a charity, we ensure that our values, leadership and culture underpin the delivery of our charitable purposes, whilst also contributing to maintaining public trust in the wider charity sector.

We have in place a range of policies that promote corporate responsibility and ethical behaviour which include conflicts of interests, bullying and harassment, whistleblowing and our code of conduct. We use our organisational values in our recruitment and training for colleagues and Trustees and our induction of new suppliers to ensure these are understood and maintained. Our procurement and ethical policies and procedures ensure that our values are also part of our selection of partners and suppliers.

f. Acting fairly between members of the charity

At StepChange our legal structure means our Trustees are the sole members of the Charity, which exists to fulfil its charitable purposes and not for the interests of members. Therefore, this element of the section 172 statement does not apply.

Streamlined Energy and Carbon Reporting ('SECR')

We report our carbon emissions by adhering to the Greenhouse Gas Protocol, which incorporates the Scope 2 market-based emissions methodology. We report carbon dioxide emissions resulting from energy use in our buildings and colleague business travel. For 2024, we have reported 0 tCO2e emissions for Scope 1, with 0 kilowatt-hours (kWh) of energy consumed. This is because the organisation does not own any company vehicles and does not burn fossil fuels onsite, resulting in no direct emissions from owned or controlled sources.

Due to the complexity of data collection for the baseline reporting year, we included only land-based business travel under Scope 3. However, we will develop a methodology to capture data on air, rail, and bus travel as well as hotel stays, ensuring a more comprehensive assessment for the next reporting year. Employee commuting emissions for 2024 were derived from an online survey that gathered information on commuting habits, including the modes of transport used, the type of fuel for personal vehicles, and the types of public transport utilised. We have calculated these results on an FTE basis to get to a comparison figure for 2023. The same methodology was used to derive a comparison figure for Purchased Goods & Services.

With fewer FTE and reduced office accommodation to run in 2024 our gross emissions have reduced in 2024 compared to 2023.

UK Greenhouse gas emissions and energy use data for the period 1 January 2023 to 31 December 2023	**2024**	**2023**
Energy consumption used to calculate emissions (kWh)	1,479,734	1,371,164
Scope 1 emissions in metric tonnes CO2e	˅	˅
Vehicles on company lease	0	11.99
Scope 2 emissions in metric tonnes CO2e	˅	˅
Purchased electricity	153.95	104.99
Gas consumption	0	152.20
Total Scope 2	153.95	257.19
Scope 3 emissions in metric tonnes CO2e	˅	˅
Purchased Good & Services	1,137.68	1,175.70
Business travel in colleague owned vehicles	26.83	14.13
Employee Commuting	765.51	791.09
Total gross emissions in metric tonnes CO2e	**2,083.97**	**2,238.11**
Intensity ratio Tonnes CO2e per FTE	**1.83**	**1.90**
FTE	1,137	1,175

Energy savings opportunity scheme ('ESOS')

The Energy Savings Opportunity Scheme (ESOS) is a mandatory program aimed at identifying cost-effective energy-saving measures to improve efficiency and reduce carbon emissions. To comply with national energy and carbon reduction regulations we submitted our phase two ESOS report to the Environment Agency in August 2024 and our phase three action plan in February 2025.

Organisations, including non-profits, qualify for ESOS if they employ over 250 people, have an annual turnover exceeding £44 million, or an annual balance sheet over £38 million. As we qualify, we conduct an energy audit covering at least 90% of our total energy usage. ESOS audits are required every four years, with the next deadline in December 2027.

Identifying energy-saving opportunities can lead to significant cost reductions and enhance overall energy management and operational efficiency. At StepChange, we embrace ESOS not just for compliance but as an opportunity to improve our operations.



Reference and administrative details

Company name

Foundation for Credit Counselling is a company limited by guarantee. It trades under the brand name of StepChange Debt Charity.

Registered and Principal Office

123 Albion Street, Leeds LS2 8ER

Important numbers

Company number: 02757055 in England and Wales. Charity numbers: 1016630 in England and Wales, and SC046263 in Scotland. FCA number 729047.

Constitution

The governing document of the charity is its Memorandum and Articles of Association. The charitable purposes for which the charity was established are:

- The prevention or relief of poverty amongst persons who are in debt.
- To advance the education of the public in general (and particularly amongst persons in debt or at risk of falling into debt) on the subject of financial budgeting, financial products and financial services.

Professional advisors

Chartered accountants and statutory auditors

PKF Littlejohn LLP
15 Westferry Circus
London E14 4HD

Internal auditors

Grant Thornton UK LLP
No 1 Whitehall Riverside
Leeds LS1 4BN

Legal advisors

Wrigleys Solicitors LLP
17–21 Cookridge Street
Leeds LS2 3AG

Gateley
29 East Parade
Leeds LS1 5PS

External auditors

A resolution for the reappointment of PKF Littlejohn LLP as auditors for the charity for the 2024 financial year was granted at the Board meeting of 23 April 2024.



Statement of Trustees' responsibilities

The Trustees (who are also directors of Foundation of Credit Counselling for the purposes of company law) are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the Trustees to prepare financial statements for each financial year. Under that law the Trustees have prepared the financial statements in accordance with United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice). Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of the affairs of the charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable group for that period. In preparing these financial statements, the Trustees are required to:

- **Select suitable accounting policies and then apply them consistently.**
- **Observe the methods and principles in the Statement of Recommended Practice: Accounting and Reporting by Charities (2019).**
- **Make judgments and estimates that are reasonable and prudent.**
- **State whether applicable UK Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements; and**
- **Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.**

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees are responsible for the maintenance and integrity of the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Provision of Information to Auditors

So far as each of the Trustees is aware at the time this report is approved:

(a) So far as the Trustee is aware, there is no relevant audit information of which the company's auditors are unaware; and

(b) They have taken all the steps that they ought to have taken as a Trustee in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

The Trustees' Report and Strategic Report were signed on behalf of the Trustees by:



Lesley Titcomb CBE
Chair of Trustees

16 May 2025



Independent Auditor's report

Opinion

We have audited the financial statements of Foundation for Credit Counselling (the 'parent charitable company') and its subsidiaries (the 'group') for the year ended 31 December 2024 which comprise the Consolidated and Parent Charitable Company Statement of Financial Activities, the Group and Parent Charitable Company Balance Sheets, the Group Cash Flow Statements and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and parent charitable company's affairs as at 31 December 2024, and of the group's and parent charitable company's incoming resources and application of resources, including the group's and parent charitable company's income for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's or parent charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Trustees with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the Trustees' Annual Report , other than the financial statements and our auditor's report thereon. The Trustees are responsible for the other information contained within the Trustees' annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance

conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- The information given in the Trustees' report, which includes the strategic report and the directors' report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- The strategic report and the directors' report included within the trustees' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the group and parent charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report included within the Trustees' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 require us to report to you if, in our opinion:

- Adequate and proper accounting records have not been kept by the parent charitable company, or returns adequate for our audit have not been received from branches not visited by us; or
- The parent charitable company's financial statements are not in agreement with the accounting records and returns; or
- Certain disclosures of trustees remuneration specified by law are not made; or
- We have not received all the information and explanations we require for our audit.

Responsibilities of Trustees

As explained more fully in the Trustees' responsibilities statement, the Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the group and parent charitable company financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the group and parent charitable company financial statements, the trustees are responsible for assessing the group's and parent charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the group or the parent charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with the Acts and relevant regulations made under or having effect thereunder.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the group and parent charitable company and the sector in which they operate to identify laws and regulations that could reasonably be expected to have a direct effect on the financial statements. We obtained our understanding in this regard through discussions with management, sector research, application of cumulative audit knowledge and experience of the sector.
- We determined the principal laws and regulations relevant to the group and parent charitable company in this regard to be those arising from Companies Act 2006, Charities Act 2011, Charities Accounts (Scotland) Regulations 2006, Financial Conduct Authority's ("FCA") regulations, Anti-Bribery and Corruption Legislation and UK Tax Legislation.
- We designed our audit procedures to ensure the audit team considered whether there were any indications of non-compliance by the group and parent charitable company with those laws and regulations. These procedures included, but were not limited to enquiries of management, review of minutes, review of legal and regulatory correspondence.
- We also identified the risks of material misstatement of the financial statements due to fraud. We considered, in addition to the non-rebuttable presumption of a risk of fraud arising from management override of controls, that there is potential for management bias in the timing and recognition of Fair Share income, income from grants, donations and timing of recognition of income from contracts. We addressed this through substantive sample testing of income back to source documents to ensure that income was recognised in accordance with the performance related conditions. We also independently inquired with management to confirm whether there are any disputes in relation to any income streams.
- We also identified potential for management bias in:
    - the judgements made around recoverability of debtors, which we addressed through examination of post year end cash received, review of correspondence with debtors and discussion of recoverability with management;

- the depreciation rate and amortisation rate applied to tangible and intangible fixed assets respectively, which we addressed by considering the useful economic life applied for the types of asset held, and re-performing the calculation to ensure it had been performed accurately in line with the stated method;
- the assessment of the calculation and recoverability of the Fair Share contributions accrued income; and
- the allocation of support costs across activities and income streams and considering whether assumptions are reasonable and appropriate.

- As in all of our audits, we addressed the risk of fraud arising from management override of controls by performing audit procedures which included, but were not limited to: the testing of journals; reviewing accounting estimates for evidence of bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: **www.frc.org.uk/auditorsresponsibilities** This description forms part of our auditor's report.

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, and to the charitable company's trustees, as a body, in accordance with Regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the charitable company's members and Trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company, the charitable company's members as a body and the charitable company's trustees as a body, for our audit work, for this report, or for the opinions we have formed.



Alastair Duke (Senior Statutory Auditor)
For and on behalf of PKF Littlejohn LLP
Statutory Auditor

16 May 2025

15 Westferry Circus
Canary Wharf
London E14 4HD

Consolidated statement of financial activities

Year ended 31 December 2024

	Note(s)	Restricted funds 2024 £'000	Unrestricted funds 2024 £'000	Total funds 2024 £'000	Total funds 2023 £'000
Income					
Donations	2	–	17,820	17,820	11,870
Charitable activities	3	1,762	37,436	39,198	39,383
Other trading activities	4	–	2,866	2,866	3,131
Investments	5	–	249	249	260
Other	6	–	60	60	87
Total income		**1,762**	**58,431**	**60,193**	**54,731**
Expenditure					
Raising funds: other trading activities	7	–	2,372	2,372	2,761
Charitable activities	8,9	2,259	57,153	59,411	56,703
Other		–	–	–	2
Total expenditure		**2,259**	**59,525**	**61,783**	**59,466**
Net income/ (expenditure) and net movement in funds for the year		**(497)**	**(1,093)**	**(1,590)**	**(4,735)**
Reconciliation of funds					
Total funds at 1 January 2024		900	13,903	14,803	19,539
Total funds at 31 December 2024	**21,22**	**403**	**12,810**	**13,213**	**14,804**

Charity statement of financial activities

Year ended 31 December 2024

	Note(s)	Restricted funds 2024 £'000	Unrestricted funds 2024 £'000	Total funds 2024 £'000	Total funds 2023 £'000
Income					
Donations	2	–	18,499	18,499	12,830
Charitable activities	3	1,762	37,437	39,199	39,383
Other trading activities	4	–	–	–	–
Investments	5	–	249	249	260
Other	6	–	60	60	87
Total income		**1,762**	**56,245**	**58,007**	**52,560**
Expenditure					
Raising funds: other trading activities	7	–	–	–	–
Charitable activities	8,9	2,259	57,152	59,411	56,704
Other		–	0	0	2
Total expenditure		**2,259**	**57,152**	**59,411**	**56,706**
Net income/ (expenditure) and net movement in funds for the year		**(497)**	**(908)**	**(1,405)**	**(4,146)**
Reconciliation of funds					
Total funds at 1 January 2024		900	13,392	14,292	18,438
Total funds at 31 December 2024	**21,22**	**403**	**12,485**	**12,888**	**14,292**

Balance sheets

31 December 2024

	Note(s)	Group 2024 £'000	Group 2023 £'000	Charity 2024 £'000	Charity 2023 £'000
Fixed assets					
Intangible assets	14	–	–	–	–
Tangible assets	15	1,132	1,387	1,132	1,387
Investments	16	–	–	5	5
		1,132	**1,387**	**1,137**	**1,392**
Current assets					
Debtors	17	11,538	8,696	11,294	8,703
Cash and cash equivalents	18	5,232	9,492	5,051	8,872
		16,770	**18,188**	**16,345**	**17,575**
Current liabilities					
Creditors: amounts falling due within one year	19	(4,136)	(3,941)	(4,040)	(3,844)
Net current assets		**12,634**	**14,247**	**12,305**	**13,731**
Creditors: amounts falling due after one year	25	(554)	(831)	(554)	(831)
Net assets		**13,212**	**14,803**	**12,888**	**14,292**
Total group funds					
Unrestricted funds	21	12,809	13,903	12,485	13,392
Restricted funds	22	403	900	403	900
		13,212	**14,803**	**12,888**	**14,292**

The financial statements on pages 44 to 67 were approved and authorised for issue by the trustees and were signed on their behalf by



Lesley Titcomb CBE
Chair
16 May 2025

Company Registration No. 2757055 | Registered Charity No. 1016630

Cash flow statements

Year ended 31 December 2024

	Note(s)	Group 2024 £'000	Group 2023 £'000	Charity 2024 £'000	Charity 2023 £'000
Reconciliation of net income/(expenditure) to net cash flows from operating activities					
Net movement in funds		(1,590)	(4,736)	(1,404)	(4,146)
(Interest income)		(249)	(260)	(249)	(260)
Depreciation and amortisation charge		505	2,182	505	2,182
Profit/(loss) on disposal of fixed assets		–	–	–	–
(Increase)/decrease in debtors		(2,814)	1,921	(2,591)	1,555
Increase/(decrease) in creditors		(112)	(1,406)	(82)	(1,330)
Net cash generated from operating activities		**(4,260)**	**(2,299)**	**(3,821)**	**(2,001)**
Investing activities					
Purchase of tangible and intangible fixed assets	15	(248)	(100)	(248)	(100)
Interest received		249	260	249	260
Net cash provided used in investing activities		**1**	**160**	**1**	**160**
Net decrease in cash and cash equivalents		**(4,259)**	**(2,139)**	**(3,820)**	**(1,840)**
Cash and cash equivalents at 1 January		9,492	11,631	8,872	10,712
Total cash and cash equivalents at 31 December	**18**	**5,233**	**9,492**	**5,052**	**8,872**

Notes to the financial statements

Year ended 31 December 2024

Accounting Policies

The principal accounting policies are summarised below.

a. Basis of preparation

The financial statements have been prepared in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland, ("FRS 102"), the Charities Statement of Recommended Practice, Accounting and Reporting by Charities ("SORP") FRS 102, the Charities Accounts (Scotland) Regulations 2006 (as amended) and the requirements of the Companies Act 2006. The financial statements have been prepared under the historical cost convention. In line with the Charities Accounts (Scotland) Regulations 2006 (as amended), both the consolidated results and the results for the parent charity have been included within the accounts.

The accounts have been prepared on the going concern basis. The company has strong financial resources invested with minimal risk and no borrowings. The charity projects increased expenditure on its Transformation Programme which will be reflected in an annual deficit but with reserves remaining above the minimum levels in the reserves policy. There are no material uncertainties about the charity's ability to continue. The substance of the accounting policies have been applied consistently throughout the accounts and the prior year.

The Foundation for Credit Counselling meets the definition of a public benefit entity under FRS 102. The charity exists for the benefit of the public through the provision of services to members of the public suffering with problem debt.

b. Group accounts

The consolidated accounts incorporate the results of the Foundation for Credit Counselling Limited ('the charity') and its subsidiary undertakings on a line-by-line basis. The consolidated entity is also referred to as 'the group'. The list of all the subsidiary undertakings is shown in note 16.

c. Incoming resources

All income is included when the charity is entitled to the income, the amount can be quantified, and receipt of the funds is probable. The receipt of fair share contributions is deemed probable when an existing disbursement creditor has indicated they are prepared to pay the request for the fair share contribution. For new relationships, amounts are not recognised until such time as an adequate payment history has been established with the creditor. Recognition commences following the receipt of the first two monthly payment requests. Commission income from mortgage advisors and insolvency practitioners is recognised upon the receipt of the notification of creditor approval of arrangements. Investment income is recognised on an accruals basis, using daily rate calculations for funds on deposit and average balance calculations for funds held in current accounts.

Income from grants is recognised on a case-by case basis. For the Money and Pension Service, Scottish Legal Aid Board, Scottish Ministers and Welsh Ministers grant agreements, income is recognised on submission of a monthly or quarterly grant claim in accordance with the specific terms of each agreement. Funding is not received until the submission of grant claims.

In all cases, grant income is treated as restricted funds, as the provision of grant funding is for specific purposes as described at note 22. Donations are recognised when the charity becomes unconditionally entitled to the funds. Insolvency service income comprises nominee fee and supervisory fee income. Nominee fees are recognised on acceptance of the appointment following a meeting of creditors and typically for the first five months of the arrangement. Supervisory fees are recognised over the period of the arrangement resulting from ongoing payments by clients. Equity release service income is recognised on notification of the completion of an equity release or mortgage case from third party lenders.

d. Resources expended

All expenditure is accounted for on an accruals basis. Direct costs, including attributable salaries, are allocated on an actual basis to the key strategic areas of activity. Support costs are the costs of functions which support more than one of the charity's activities and have been allocated to those activities on the basis of employee numbers. Governance costs are the costs associated with the governance arrangements of the group. These costs include external and internal audit, legal advice, insurance for Trustees, management costs preparing for and attending trustee meetings and the costs associated with constitutional and statutory requirements. Transformation costs are incremental costs expended to develop and execute a business-wide programme of change.

e. Intangible fixed assets

Intangible fixed assets represent the qualifying costs of development of software where such software is expected to deliver future economic benefits and the costs of development are separately identifiable and can be reliably measured. Other development expenditures which do not meet these criteria are recognised as an expense as incurred.

Intangible assets are stated at cost less amortisation. The amortisation is charged on a straight-line basis over the useful economic life which has been estimated as being 4 years.

f. Tangible fixed assets

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided on all tangible fixed assets at rates calculated to write each asset down to its estimated residual value evenly over its expected useful life, as follows: Fixtures, fittings and equipment: 14% – 33.3% on a straight-line basis.

g. Investments

Money market deposits, with maturity periods of more than three months, are current asset investments that are readily convertible into cash at, or close to, their carrying amount. Fixed asset investments are stated at cost in the company balance sheet.

h. Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less.

i. Financial instruments

The charity has financial assets and financial liabilities of a kind that qualify as basic financial instruments only. There are none which qualify as complex in nature. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

j. Leasing

Rentals payable under operating leases are charged to the Statement of Financial Activities on a straight-line basis over the lease term.

k. Taxation

The charitable members of the group are exempt from income and corporation taxes on income and gains to the extent that they are applied for their charitable objects. The trading subsidiaries do not generally pay UK corporation tax because their policy is to distribute taxable profits to the charity as Gift Aid. Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements. Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

l. Pensions

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the charity. The annual contributions payable are charged to the Statement of Financial Activities on an accruals basis.

m. Employee benefits

The costs of short-term employee benefits are recognised as a cost within the Statement of Financial Activities. The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received. Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

n. Funds

Unrestricted funds are donations and other incoming resources for the objects of the charity without further specified purposes and are available as general funds. Restricted funds are funds that can only be used for specific restricted purposes set out by the donor within the objects of the charity. The Landlord Contribution as per note 21 has been deducted from the unrestricted funds to report the reserves net of Landlord contribution.

o. Judgements and key sources of estimation uncertainty

In preparing the financial statements, the Trustees are required to make estimates and judgements. The matters below are considered to be the most important in understanding the judgements made and the uncertainties that could impact the amounts reported in the financial statements.

Bad debt provision

The provisioning for potential bad debts arising on outstanding far share payments requires judgement and is generally only considered for amounts outstanding for more than 60 days.

Cost allocation

Support costs are allocated to charitable activities. Judgement is required in determining and applying the cost drivers appropriate for each support activity.

2. Donations

	Group unrestricted funds 2024 £'000	Group unrestricted funds 2023 £'000	Charity unrestricted funds 2024 £'000	Charity unrestricted funds 2023 £'000
Donations from the utility sector	6,704	4,526	6,704	4,526
Other donations	11,116	7,344	11,795	8,304
	17,820	**11,870**	**18,499**	**12,830**

Included within the charity's other donations is £678,650 (2023: £959,075) received from its subsidiary undertakings through Gift Aid Donations.

3. Income from charitable activities

	Restricted funds 2024 £'000	Unrestricted funds 2024 £'000	Total 2024 £'000	Total 2023 £'000
Group	˅	˅	˅	˅
Debt advice and solutions	1,762	37,436	39,198	39,383
Charity	˅	˅	˅	˅
Debt advice and solutions	**1,762**	**37,436**	**39,198**	**39,383**
Total income for 2023 was:	˅	˅	˅	˅
Restricted				**3,249**
Unrestricted				**36,134**

4. Income from other trading activities

	Group unrestricted funds 2024 £'000	Group unrestricted funds 2023 £'000	Charity unrestricted funds 2024 £'000	Charity unrestricted funds 2023 £'000
Insolvency services	2,378	2,553	–	–
Equity release services	488	578	–	–
	2,866	**3,131**	**–**	**–**

5. Investment income

	Group unrestricted funds 2024 £'000	Group unrestricted funds 2023 £'000	Charity unrestricted funds 2024 £'000	Charity unrestricted funds 2023 £'000
Bank interest	249	260	249	260
Intercompany interest receivable	–	–	–	–
	249	**260**	**249**	**260**

6. Other income

	Group unrestricted funds 2024 £'000	Group unrestricted funds 2023 £'000	Charity unrestricted funds 2024 £'000	Charity unrestricted funds 2023 £'000
Commission income from mortgage advisors and insolvency practitioners	60	56	60	56
Other	–	31	–	31
	60	**87**	**60**	**87**

7. Expenditure on raising funds: other trading activities

	Group unrestricted funds 2024 £'000	Group unrestricted funds 2023 £'000	Charity unrestricted funds 2024 £'000	Charity unrestricted funds 2023 £'000
Insolvency services	1,738	1,874	–	–
Equity release services	634	887	–	–
	2,372	**2,761**	**–**	**–**

8. Expenditure on charitable activities

	Direct costs 2024 £'000	Support & governance costs 2024 £'000	Total 2024 £'000	Total 2023 £'000
Group unrestricted funds	˅	˅	˅	˅
Debt advice	11,617	14,007	25,624	24,367
Client management	11,808	11,249	23,057	21,644
Promotion of charitable purpose	5,986	2,485	8,471	6,543
Total	**29,411**	**27,741**	**57,152**	**52,554**
Group restricted funds	˅	˅	˅	˅
Debt advice	1,750	354	2,104	3,964
Client management	–	–	–	–
Promotion of charitable purpose	128	27	155	185
Total	**1,878**	**381**	**2,259**	**4,149**
Total expenditure on charitable activities	**31,289**	**28,122**	**59,411**	**56,703**
Charity unrestricted funds	˅	˅	˅	˅
Debt advice	11,617	14,007	25,624	24,367
Client management	11,808	11,249	23,057	21,644
Promotion of charitable purpose	5,986	2,485	8,471	6,543
Total	**29,411**	**27,741**	**57,152**	**52,554**
Charity restricted funds	˅	˅	˅	˅
Debt advice	1,750	354	2,104	3,964
Client management	–	–	–	–
Promotion of charitable purpose	128	27	155	185
Total	**1,878**	**381**	**2,259**	**4,149**
Total expenditure on charitable activities	**31,289**	**28,122**	**59,411**	**56,703**

Debt advice costs are defined as the costs incurred in providing debt advice to new clients.

Client management costs are defined as the costs incurred in the management of clients who are provided with debt solutions with the charity.

Promotion of charitable purposes costs are defined as the costs incurred in the promotion of our services to key stakeholders including creditors, funders, clients, public sector bodies and governments.

9a. Analysis of support and governance costs on charitable activities

	Debt advice 2024 £'000	Client management 2024 £'000	Promotion of charitable purpose 2024 £'000	Total 2024 £'000	Total 2023 £'000
Unrestricted funds	˅	˅	˅	˅	˅
IT, digital & change	7,499	6,095	1,340	14,934	12,613
Corporate services	4,482	3,522	785	8,789	8,821
People services	1,762	1,425	314	3,501	3,596
Governance	264	207	46	517	425
Total	**14,007**	**11,249**	**2,485**	**27,741**	**25,455**
Restricted funds	˅	˅	˅	˅	˅
IT, digital & change	283	–	21	304	768
Corporate services	14	–	1	15	91
People services	57	–	5	62	43
Total	**354**	**–**	**27**	**381**	**902**
Total support and governance costs	**14,361**	**11,249**	**2,512**	**28,122**	**26,357**

The Support costs have been allocated to the charitable activities on the basis of employee numbers except for the amortisation of the Pulse system which has been allocated fully to debt advice costs. The functional area costs include directly attributable costs (e.g. staff costs, IT licensing costs, recruitment costs) and allocations of shared overhead costs (e.g. premises rentals) on the basis of employee numbers. Corporate Services costs comprise the costs of the Executive team, Finance, Risk and Compliance, plus the balance of central overheads which cannot be attributed to a single area. People Services costs comprise the Human Resources and Training teams. Governance costs comprise internal and external audit costs and the management cost of preparing for and attending Trustee board meetings.

9b. Major Project Costs

	Total 2024 £'000	Total 2023 £'000
Projects	˅	˅
Digital Transformation	4,630	1,312
	4,630	**1,312**

The total Digital Transformation costs for the year amounted to £4.63m (2023: £1.31m). This includes Back Office Optimization costs £3.40m (2023: £1.31m), Contact Centre costs £0.69m (2023: £0) and Digital Foundations costs of £0.54m (2023: £0). This cost is included in the expenses for charitable activities.

10. Auditor's remuneration

	Total 2024 £'000	Total 2023 £'000
Fees payable to the charity's auditors (VAT inclusive)	˅	˅
Audit of the financial statements (charity)	63	60
Audit of the financial statements (subsidiaries)	22	21
Other assurance services	36	35
Tax advisory services	35	4
	156	**120**

11. Operating Surplus

	Total 2024 £'000	Total 2023 £'000
The surplus for the year is stated after charging:	˅	˅
Depreciation	505	637
Amortisation	-	-

12. Employees

	2024 No.	2023 No.
i) Average number of persons employed by the group	˅	˅
Debt advice	454	473
Client management	356	359
Promotion of charitable purposes	79	63
Insolvency services	39	48
Equity release services	13	19
Support services	196	213
	1,137	**1,175**

The total average full time equivalent (FTE) numbers in 2024 were 1,074 (2023: 1,115).

	2024 £	2023 £
ii) Staff costs	˅	˅
Wages and salaries	34,686	34,053
Social security costs	3,591	3,356
Pension costs	2,757	2,686
Other payroll related benefits	233	195
	41,267	**40,290**

The remuneration of key management personnel (members of the Executive team) is £1,368,236 (2023: £1,286,763). The total remuneration of the Chief Executive Officer was £224,718 in 2024 of which £189,523 comprises basic salary (2023: total remuneration was £194,549 and basic salary £164,150). This remuneration was set on a developmental basis and subsequently reviewed at the start of 2025 with reference to market benchmarks in line with the charity's pay management approach. Employer pension contributions of £23,887 were made for the CEO (payment in 2023: £20,887).

The remuneration of higher-paid staff, excluding pension contributions, fell within the following ranges:

	2024 No.	2023 No.
£60,001 – £70,000	27	20
£70,001 – £80,000	8	3
£80,001 – £90,000	3	7
£90,001 – £100,000	7	5
£100,001 – £110,000	4	2
£110,001 – £120,000	1	1
£120,001 – £130,000	-	4
£130,001 – £140,000	2	-
£140,001 – £150,000	1	-
£150,001 – £160,000	2	-
£160,001 – £170,000	1	1
£170,001 – £180,000	-	-
£180,001 – £190,000	1	-
Total	**57**	**43**

Contributions were made to defined contribution schemes for a total of 54 (2023: 41) of higher-paid employees.

13. Trustees

Prior to the current Chair's appointment, a written order was approved by the Charity Commission for a "regulated alteration" to the Articles of Association to permit remuneration to the Chair of the Board and a special resolution to amend the Articles was passed in April 2019.

In line with this approval, the previous Chair of the Board of Trustees, John Griffith-Jones received remuneration of £4,000 (2023: £12,000) and the current Chair of the Board of Trustees, Lesley Titcomb received remuneration of £10,667 in the year (2023: £0). No additional benefits or pension contributions were paid.

None of the remaining Trustees (or any persons connected with them) received any remuneration during the year. Six of the Trustees were reimbursed for out of pocket expenses incurred in attending Trustee meetings totalling £3,374 (2023: Three Trustee reimbursed for expenses totalling £1,075)

Indemnity insurance is taken out to provide liability cover to protect any charity Trustee, employee or officer from claims arising against them as a result of an actual or alleged 'wrongful act' when performing the scope of their regular duties. The cost of providing this insurance is £18,765 (2023: £18,675).

14. Intangible assets

	Group £'000	**Charity** £'000
Cost	˅	˅
At 1 January 2024	8,236	8,236
Additions	-	-
At 31 December 2024	**8,236**	**8,236**
Accumulated Amortisation	˅	˅
At 1 January 2023	8,236	8,236
Charge for the year	-	-
At 31 December 2023	**8,236**	**8,236**
Net book value	˅	˅
At 31 December 2024	**-**	**-**
At 31 December 2023	**-**	**-**

All intangible assets relate to internal software development.

15. Tangible assets

	2024		2023	
	Group £'000	**Charity** £'000	**Group** £'000	**Charity** £'000
Cost	˅	˅	˅	˅
At 1 January	3,820	3,820	3,720	3,720
Additions	250	250	100	100
Disposals	–	–	–	–
At 31 December	**4,070**	**4,070**	**3,820**	**3,820**
Accumulated Depreciation	˅	˅	˅	˅
At 1 January	2,433	2,433	1,796	1,796
Charge for the year	505	505	637	637
Disposals	–	–	–	–
At 31 December	**2,938**	**2,938**	**2,433**	**2,433**
Net book value	˅	˅	˅	˅
At 31 December 2024	**1,132**	**1,132**	**1,387**	**1,387**
At 31 December 2023	**1,387**	**1,387**	**1,924**	**1,924**

All tangible assets are fixtures, fittings and equipment and Computers.
The assets with zero net book value were written off in 2022.

16. Investments

Charity	2024 £	2023 £
Subsidiary undertakings	**5,001**	**5,001**

Subsidiary undertakings as at 31 December	Company number	Activities	2024 £	2023 £
Consumer Credit Counselling Service (Voluntary Arrangements) Ltd	05659160	Insolvency services	1	1
Consumer Credit Counselling Service (Equity Release) Ltd	06741879	Advice for Equity Release and Mortgages	5,000	5,000
Debt Remedy Ltd	07869502	Dormant	–	–
StepChange Equity Release Ltd	08056301	Dormant	–	–
StepChange Financial Solutions Ltd	08561006	Dormant	–	–
StepChange Voluntary Arrangements Ltd	08056168	Dormant	–	–
			5,001	**5,001**

The registered office for all group companies is 123 Albion Street, Leeds, LS2 8ER.

Foundation for Credit Counselling held a 100% interest in all of the subsidiary undertakings. A summary of the results and balance sheet of the subsidiaries are given below:

	2024 £'000	**2023** £'000
Consumer Credit Counselling Service Voluntary Arrangements Limited	˅	˅
Turnover	2,377	2,552
Cost of sales	(1,092)	(1,229)
Gross profit	1,285	1,323
Administrative expenses	(646)	(645)
Profit for the financial year	**639**	**678**
Assets	852	1,023
Liabilities	(213)	(345)
Shareholders' funds	**639**	**678**

Consumer Credit Counselling Service (Equity Release) Limited	˅	˅
Turnover	488	578
Cost of sales	(634)	(865)
Operating loss	(146)	(287)
Interest payable	–	–
Loss for the financial year	**(146)**	**(287)**
Assets	156	425
Liabilities	(465)	(588)
Shareholders' funds	**(309)**	**(163)**

In response to operating losses in 2023 and 2024, and continued difficult market conditions, a decision was taken by the Board of Trustees in April 2025 to close Consumer Credit Counselling Service (Equity Release) Limited to new business and to support the company in commencing an orderly wind-down of its affairs.

17. Debtors

	Group 2024 £'000	Group 2023 £'000	Charity 2024 £'000	Charity 2023 £'000
Due within one year	˅	˅	˅	˅
Trade debtors	7,053	4,501	6,327	3,702
Prepayments and accrued income	4,152	3,466	4,077	3,423
Other debtors	304	729	304	728
Amounts owed by group undertakings	–	–	286	650
	11,509	**8,696**	**10,994**	**8,503**
Due after more than one year	˅	˅	˅	˅
Amounts owed by group undertaking	**–**	**–**	**300**	**200**
Total	**11,509**	**8,696**	**11,294**	**8,703**

The amount owed by a group undertaking after more than one year is a loan of £300,000 (2023: £200,000) made to Consumer Credit Counselling Service (Equity Release), a trading subsidiary of Foundation for Credit Counselling. No interest was charged for 2024 to support CCCS (ER) during a loss making year. The loan is repayable on any date agreed in writing between the parties or within 30 days of receipt of a written request from the Lender (which the Lender agrees it will only serve on the Borrower if, in the reasonable opinion of the Lender, the Borrower has financial resources available to it to repay the Loan at that time). Subsequent to the decision to commence an orderly wind-down of CCCS (ER), loan repayments are expected to be made within the next 12 months.

18. Cash and cash equivalents

	Group 2024 £'000	Group 2023 £'000	Charity 2024 £'000	Charity 2023 £'000
Cash and cash equivalents	˅	˅	˅	˅
Cash balances	5,232	9,492	5,051	8,872
Bank deposits	–	–	–	–
Total cash and cash equivalents	**5,232**	**9,492**	**5,051**	**8,872**

19. Creditors: amounts falling due within one year

	Group 2024 £'000	Group 2023 £'000	Charity 2024 £'000	Charity 2023 £'000
Creditors: amounts falling due within one year	˅	˅	˅	˅
Trade creditors	1,241	1,328	1,207	1,286
Other taxes and social security costs	785	903	801	918
Accruals and other creditors	2,081	1,710	2,032	1,640
	4,107	**3,941**	**4,040**	**3,844**

20. Operating lease commitments

	Land and buildings 2024 £'000	Other 2024 £'000	Total 2024 £'000	Total 2023 £'000
The charity is committed to minimum lease payments under non-cancellable operating leases expiring:	˅	˅	˅	˅
Within one year	1,742	17	1,759	1,876
Between one and five years	2,936	–	2,936	3,981
After five years	–	–	–	–
	4,678	**17**	**4,695**	**5,857**
Net expenditure for the year before taxation is stated after charging	˅	˅	˅	˅
Operating lease charges	**1,539**	**114**	**1,653**	**1,747**

21. Movements in unrestricted funds

	At 1 Jan 2024 £'000	Incoming resources £'000	Outgoing resources £'000	At 31 Dec 2024 £'000
Group				
Unrestricted reserves	13,903	58,431	(59,524)	12,810
Landlord contribution	1,109	(278)	–	831
Reserves including landlord contribution	**15,012**	**58,153**	**(59,524)**	**13,641**
Charity				
Unrestricted reserves	13,392	56,245	(57,152)	12,484
Landlord contribution	1,109	(278)	–	831
Reserves including landlord contribution	**14,501**	**55,967**	**(57,152)**	**13,316**

Previous Year	At 1 Jan 2023 £'000	Incoming resources £'000	Outgoing resources £'000	At 31 Dec 2023 £'000
Group				
Unrestricted reserves	17,739	51,482	(55,318)	13,903
Landlord Contribution	1,386	(277)	–	1,109
Reserves including landlord contribution	**19,125**	**51,205**	**(55,318)**	**15,012**
Charity				
Unrestricted reserves	16,638	49,311	(52,557)	13,392
Landlord Contribution	1,386	(277)	–	1,109
Reserves including landlord contribution	**18,024**	**49,034**	**(52,557)**	**14,501**

22. Movements in restricted funds

	At 1 Jan 2024 £'000	Incoming resources £'000	Outgoing resources £'000	At 31 Dec 2024 £'000
Group and charity	˅	˅	˅	˅
MaPS	–	–	–	–
Scottish Ministers	–	1,327	(1,327)	–
Welsh Ministers	–	–	–	–
Natwest	900	435	(932)	403
	900	**1,762**	**(2,259)**	**403**

Previous Year	At 1 Jan 2023 £'000	Incoming resources £'000	Outgoing resources £'000	At 31 Dec 2023 £'000
Group and charity	˅	˅	˅	˅
MaPS	–	1,931	(1,931)	–
Scottish Ministers	–	1,308	(1,308)	–
Welsh Ministers	–	10	(10)	–
Natwest	1,800	–	(900)	900
	1,800	**3,249**	**(4,149)**	**900**

MaPS Grant

FCC did not receive grant funding from the Money and Pension Service (MaPS) in 2024.

Scottish Ministers

FCC received funding under two agreements from the Scottish Ministers. Firstly, for the provision of a telephone debt advice service to indebted individuals for a 1 year period from the 1st April 2019 and subsequently the provision of a specialist debt service with a particular focus on vulnerable clients for the period from 30th May 2019 to 31st March 2020. Both of these agreements were renewed up to 31st March 2024 and an additional agreement was also entered into to increase the support for vulnerable clients as well as building on knowledge and providing training to colleagues on certain key areas.

Welsh Ministers

FCC received funding for the provision of a telephone debt advice to indebted individuals for a 1 year period from the 1st April 2019 from the Welsh Ministers. This agreement was not renewed in 2024.

Natwest Grant

StepChange received an additional £435k grant from Natwest in 2024 to provide a national debt advice service for Natwest's business customers. This is a pilot, in which StepChange will provide debt advice and share customer outcomes data. This pilot project is due to continue until September 2025.

2024	MaPS	Scotland £'000	Wales £'000	Natwest £'000	Betway £'000	Total restricted £'000	Total unrestricted £'000	Total funds £'000
Fixed Assets	˅	˅	˅	˅	˅	˅	˅	˅
Intangible assets	–	–	–	–	–	–	–	–
Tangible assets	–	–	–	–	–	–	1,132	1,132
	–	–	–	–	–	–	**1,132**	**1,132**
Current Assets	˅	˅	˅	˅	˅	˅	˅	˅
Debtors	–	–	–	–	–	–	11,509	11,509
Cash at bank and in hand	–	–	–	403	–	403	4,829	5,232
	–	–	–	**403**	–	**403**	**16,338**	**16,741**
Creditors: Amounts falling due within one year	–	–	–	–	–	–	(4,107)	(4,107)
Net Current Assets	–	–	–	**403**	–	**403**	**12,231**	**12,634**
Creditors: amounts falling due after one year	–	–	–	–	–	–	(554)	(554)
Net Assets	–	–	–	**403**	–	**403**	**12,810**	**13,213**

The summary of the assets and liabilities for the total restricted funds, disclosed by contract and the total unrestricted funds at 31 December 2024 is shown above. Values are NIL except where shown.

2023	MaPS	Scotland £'000	Wales £'000	Natwest £'000	Betway £'000	Total restricted £'000	Total unrestricted £'000	Total funds £'000
Fixed Assets								
Intangible assets	–	–	–	–	–	–	–	–
Tangible assets	–	–	–	–	–	–	1,387	1,387
	–	–	–	–	–	–	**1,387**	**1,387**
Current Assets								
Debtors	–	–	–	–	–	–	8,696	8,696
Cash at bank and in hand	–	–	–	900	–	900	8,592	9,492
	–	–	–	**900**	–	**900**	**17,288**	**18,188**
Creditors: Amounts falling due within one year	–	–	–	–	–	–	(3,941)	(3,941)
Net Current Assets	–	–	–	**900**	–	**900**	**13,347**	**14,247**
Creditors: amounts falling due after one year	–	–	–	–	–	–	(831)	(831)
Net Assets	–	–	–	**900**	–	**900**	**13,903**	**14,803**

23. Related party disclosures

On a consolidated basis, there were no (2023: none) transactions undertaken with related parties during the year. The charity provided a loan of £300,000 (2023: £200,000) to Consumer Credit Counselling Service (Equity Release). The details are disclosed within note 17.One of StepChange's Trustees, Nick Caplan is also a Director at Vitality Health Limited. A total amount of £36,000 was paid to Vitality Health Limited by StepChange in the year 2024 for employee health services (2023:£36,000). There were no other related party transactions in either year.

24. Pension costs

The charity operates defined contribution pension schemes. The assets of the schemes are held separately from those of the company, being invested with insurance companies as per the employee's instructions. The pension cost charge represents contributions payable by the charity to the pension funds and amounted to £2,756,687 (2023: £2,686,098). At the year end the pension creditor amounted to £0 (2023: £0).

25. Creditors: amounts falling due after more than one year

	Group 2024 £'000	**Group 2023** £'000	**Charity 2024** £'000	**Charity 2023** £'000
Creditors: amounts falling due after one year	˅	˅	˅	˅
Accruals and other creditors	554	831	554	831
	554	**831**	**554**	**831**



Thank you to our supporters

Each of these organisations supported us financially in 2024, and and many supported our policy work to improve the debt landscape. We would like to express our gratitude for their support, without which our work would not be possible.

Aberdein Considine & Co
Acument Mortgages
Affinity Water
Amber Energy
American Express
Anglian Water
Arrow Global
Barclays
Bristol and Wessex Water
British Gas
Cabot Credit Management
Capital One
Capital Resolve
CARS
Clarion Housing
ClearScore
Compare the Market
Computershare
The Co-operative Bank
C&R Software
Create Future
Creation Financial Services
Credit Style
Credit Suisse, the UBS group
Damart
E.ON Next
Elderbridge
Essex and Suffolk Water
Experian
Freeman Grattan Holdings
Go Debt
Green Energy
H&T Pawnbrokers
Home Retail Group
Hoopers Department Store
HSBC Bank
Ikano Bank
Intrum
JAJA Finance
Key Retirement Solutions
Klarna
Lantern
Leeds Building Society
Link Financial
Lloyds Banking Group
Loop Customer Management
Lowell Financial
Marston Group
Mazars
McCambridge Duffy
Money and Pensions Service
Moneybarn
Moneyline
Monzo Bank
Moondance Foundation
Moorcroft Debt Recovery
Morses Club



N Brown
Nationwide
NatWest
NewDay
Northumbrian Water
Novuna
OVO Energy
Paragon
Pega
PRA Group
Provide Community
Redcats
Royal Bank of Scotland
RSA Insurance Group
Sainsburys
Sainsburys Bank
Santander
Scottish Government
Scottish Power
Secure Trust Bank
Sesame Services
Shell Energy
Snap Finance
Specialist Motor Finance
SteadyPay Limited
StepChange Financial Solutions
StepChange Voluntary Arrangements
TBI Financial Services
Tech Mahindra
Tesco Bank
Thames Valley Housing
The Blyth Watson Charitable Trust
The Investment Association
The Very Group
Thesis
TSB
Ulster Bank
United Utilities
Utilita Energy
Vanquis
Virgin Money
Welsh Government
Welsh Water
Wescot
West Cumbria Community Money Advice
X-Lab
Yorkshire Bank
Zenith



StepChange Debt Charity

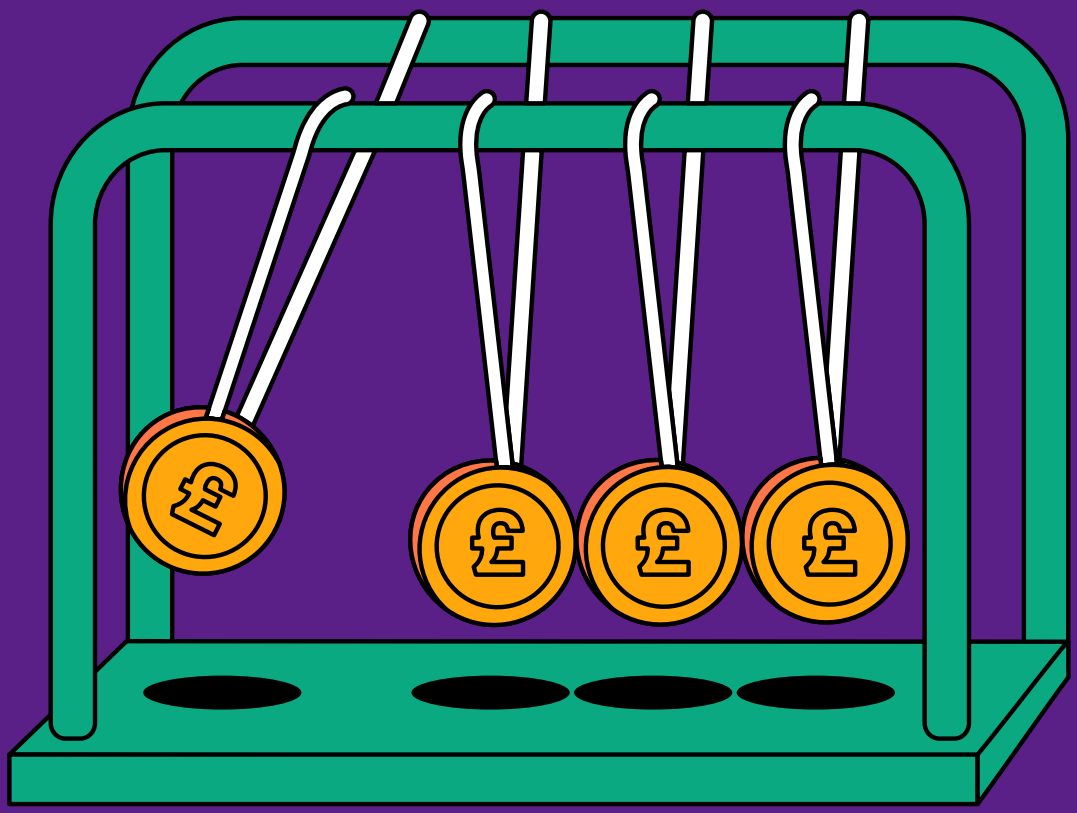
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Charity no. 1016630 and SC046263. Authorised and regulated by the Financial Conduct Authority.

FOUNDATION FOR CREDIT COUNSELLING

England & Wales - Charity number 1016630

Accounts

Annual Report and Accounts 2023



StepChange Debt Charity

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StepChange Debt Charity



Chair's statement



It is perhaps fitting that as Vikki introduces her first Annual Report as CEO, I bow out on my final one as Chair of StepChange. This charity is an impressive organisation that I have been delighted to be involved with for the past five years. My successor, Lesley Titcomb, inherits a first-class set of colleagues in the Board of Trustees and the Executive team and will, with their help and support, take the the organisation from strength to strength.

With a continuity and growth agenda, against a background of enormous change in the scale and types of debt being dealt with, StepChange has not only weathered the various storms of the past few years, but has consistently overcome challenges and prevailing conditions. As you will read we have continued to provide our core debt advice service to over 180,000 people in 2023 and we had more than 167,000 clients on one or other of our repayment plans at the year end. At the same time we have continued to invest in new technology and ways of working, in pursuit of a significant increase in efficiency, more satisfying working conditions for colleagues and a thoughtful, client-centred approach to the increasing dominance of online service delivery.

Work in progress is substantial and substantive. Bringing our back office systems up to a fit-for-the-future standard to match our client advice interactions is now under way. Working ever more closely with creditors over the past year has revealed numerous opportunities to improve client outcomes, as well as helping to achieve the income we need to keep delivering our services. I am enormously grateful to them for their increased financial support during 2023 and their commitments for 2024.



The loss of the funding from the Money and Pensions Service was an unwelcome surprise when it happened at the back end of 2022 but it has helped us to focus on what we are really good at and to do it even better. We will continue to work alongside them whilst we seek to influence their future direction of travel.

More challenging is adapting to a world in which an increasing proportion of our clients can afford to repay less or none of their existing debt, as they simply don't have enough income even to cover their basic essential costs. If I may claim the indulgence of leaving policymakers with one challenge that they, rather than the private or charity sectors, are best placed to solve, it is this negative budget conundrum. The problem has worsened considerably since I joined the StepChange Board. Whether through the benefit system, or market interventions to reduce costs, or other innovative policy, the gap between income and essential expenditure is the biggest problem affecting debt advice services that needs addressing – not just for StepChange, but for the entire sector and, more importantly, for people experiencing problem debt. On that note, I wish StepChange continuing success at making its own weather, something that it has shown itself very capable of throughout these past few years. I do hope that all those who work with the charity recognise their own crucial roles in enabling the services it provides, and I am very grateful to all who have offered me their time, expertise and support.



John Griffith-Jones
Chair

CEO statement



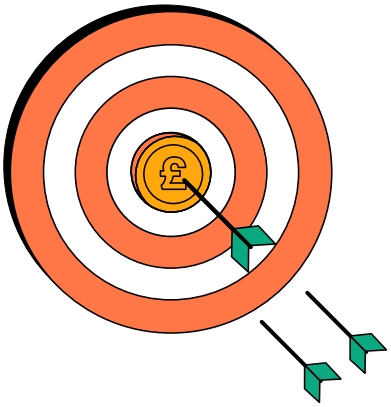
I feel privileged and proud to present my first Annual Report as CEO of StepChange, outlining our activities and achievements in 2023.

I am constantly overwhelmed by the commitment of all my colleagues in serving our clients and working tirelessly to improve outcomes for them. This is especially true for those facing the toughest of times and who are experiencing a genuine cost of living crisis and living daily with the misery of unmanageable debt.

Last year marked the charity's 30th year of supporting clients. I have been here for 18 of those years, and one thing that has remained consistent throughout that period is the dedication and commitment of our people. My colleagues at StepChange are truly exceptional, so I'm particularly pleased that despite the obvious emotional toll that working in a debt advice charity brings, 2023 saw a significant leap in colleague engagement and positivity.

We all owe a debt of gratitude to my predecessor Phil Andrew, whose tenure as CEO spanned the first four months of this reporting period. I am also enormously grateful to our trustees, and to our outgoing Chair, John Griffith-Jones, who navigated StepChange around not just one, but several major obstacles – the pandemic, the cost of living crisis, and the significant changes to debt advice funding – and has helped us become a more resilient, competent, and efficient charity than when he joined us in 2019.

I hope as you read this report, you will take a moment to put yourselves in the shoes of a new StepChange client. Consider what it feels like, when you are suffering financial difficulty and often feeling overwhelmed and anxious about where to start. Reflect on quite how much of a psychological hurdle you have had to overcome just to make the first effort to start searching for debt advice online or call for help. By speaking with clients and call listening regularly, my priority is to understand exactly what our clients are experiencing and ensure their needs are at the heart of everything our organisation does.



So much of what we have done over the past year – and will continue to do in 2024 – is about trying to make these steps easier. We helped over 183,000 new clients through debt advice last year, but we know we can help many more. We're trying to break down the barriers that hold people back, so that people who need help can get it in a way that is reassuring and effective and they continue to feel supported for as long as it takes, making it more likely that they will build their financial resilience and progress to becoming debt-free.

We have, for example, overhauled all our client communications to make them easier to understand, and to give people the clearest and most reassuring calls and nudges to action to help them. We've embraced and harnessed the FCA's new Consumer Duty requirements to help us improve and refine our advice policy, and we're in the throes of making significant investments in our back office systems and processes to ensure that the same high quality and efficiency that we bring to frontline advice is fully embedded at every ongoing stage of the client journey with us – whatever changes of circumstances may bring.

We've also worked in collaboration with our partners over the past year to enrich our understanding of their needs, the ways that they would like to refer their customers to us and to minimise any unnecessary friction in the customer journey.

This has helped us cement even stronger partnerships, and we are deeply grateful for the ongoing commitment to working with us in strategic partnerships and for the financial commitments that many of our partners have put in place with us, enabling us not only to deliver business as usual services against a challenging economic backdrop, but also to invest in further improvements for the future.

Two thirds of our clients are aged under 40 and so it's no surprise that more than 9 in 10 now go online for part or all of their debt advice and solution setup. With 941 clients spending part of their Christmas day going through our online debt advice journey, our ability to support customers when and how they need has never been more important. I'm proud that our groundbreaking end-to-end digital service reflects the expectations of our clients and partners in today's world and makes us unique among debt advice charities.



I am also delighted that our work over the past year has been recognised with numerous award wins among consumer audiences and in the credit sector, including our partnerships with ClearScore and NatWest.

While our vision of a society free from problem debt is still some way off, we're chipping away at it. Our benefits checker alone identified over £12.7 million a month in additional benefits income for our clients last year as a result of identifying unclaimed entitlements. We used our client data and experiences to underpin 20 reports as part of our work to inform regulators and policymakers. The 8,000 items of media coverage we achieved will have reached many people who needed to know how to get help, and our insights are regularly cited in Parliament and have helped to underpin a number of positive interventions in recent years.

2024 already looks like a tough year for many, but with a positive funding and operating base supported by industry partners, a programme of ongoing service improvement and highly motivated colleagues, StepChange has a healthy springboard from which to evolve its future strategy to help more people. I am deeply grateful to everyone who in 2023 helped to put us in this position for the future.



Vikki Brownridge
Chief Executive Officer

Our impact

6.5 million
visits to our website*

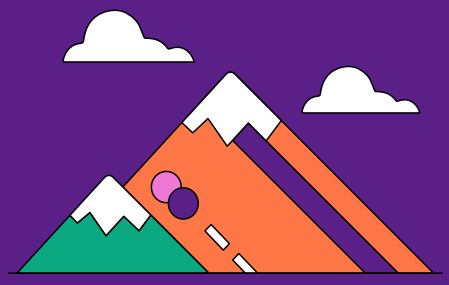


183,403
clients advised
+6.7%

42,503
clients supported onto debt solutions
-5.3%

17,456
clients became problem free with our support***
-31.5%

£351 million
debt repaid by our clients
-5.3%





277,621
clients guided*

179,139
visits to our Homeowner Hub*

22,977
clients who completed our Money Health Check*

2.8%
reduction in cost to serve clients (vs 2022)

179,756
clients on a managed plan**
+1.7%

*This is a new metric for 2023, therefore comparisons between 2022 and 2023 are not yet available.

**as of 31 Dec 2023

*** Following the cessation of the MAPs grant the charity discontinued the provision of DROs in Q1 2023.

Our strategic objectives

In 2023 we made further progress against the objectives set out in our strategy, Stepping Up In A Changing World.

Throughout the year:

Objective 1: Our clients and their needs at the heart of everything we do

- In 2023 demand for our services increased significantly for the second successive year, as we provided full debt advice to over 183,000 clients.
- We refreshed our Vulnerability Strategy, launching an Inclusive Design Framework to bring together all our client needs, and set out standards that should be met to ensure that our services are inclusive and accessible for all new and existing clients.

Objective 2: Empowering our people and developing their skills

- We successfully launched our new leadership behaviours and rolled out our internal leadership programme to over 260 line managers.
- Our 2023 colleague survey had an engagement rate of 84%, up from 80% in the 2022 survey.
- Progress has been made in each of our four focus areas of our Equality, Diversity and Inclusion strategy: recruitment, retention and engagement, development, and leadership.

Objective 3: Adapting to a new funding world

- Our 2023 donation objectives were achieved and we have put strong foundations in place for the future, having already secured over £8.3m from our key partners for 2024.
- In 2023 we secured funding from thirty-six new partners, across a range of new sectors – representing a three- fold-increase in new partnerships compared to 2022.

Objective 4: Working with our partners

- In 2023 we strengthened and expanded our relationships with our partners, delivering over 100 new partnerships across the FinTech, Car Finance and Buy Now Pay Later sectors, while working constructively to develop and improve our services to existing partners.
- We engaged constructively with a range of sectors, including Utilities, where we again partnered with Ovo on the Ofgem Warm Home Discount scheme, and secured a 114% increase in funding from the sector compared to 2022.
- In October 2022 we launched a new support pilot service for NatWest's self-employed and small business customers. In the first nine months we supported hundreds of NatWest's customers and received excellent feedback.

Objective 5: Campaigning to stop people falling into problem debt

- We have consistently led calls for targeted support from government and for benefits to be uprated in line with inflation to support those affected by the cost of living crisis.
- We launched more than 20 major reports, consultation responses and submissions.

For a full account of our achievements in 2023 read our full Impact Report



Financial review

For the year to 31 December 2023, our group accounts show a net deficit of £4.7m for the year and free reserves of £13.6m at year-end.

Income

In 2023 our total income was reduced to £54.7m compared with £62.0m in 2022. This was due to a decrease in restricted funding of £11.2m primarily due to the cessation of the grants from the Money and Pensions Service ("MaPS") in January 2023. This is partially offset by an increase in donations of £3.9m.

Our unrestricted income includes donations, Fair Share Contributions ("FSC") and income within our operating subsidiaries. FSC remains the group's largest source of income although this decreased again in 2023, falling by £2.5m compared to 2022. This is primarily due to the increased cost of living impacting our clients' ability to maintain payments on repayment solutions (see also "Principal Risks and Uncertainties").

These reductions in income were offset by increased donations received from both FSC funders and from other organisations who refer clients to the charity for debt advice. These donations are mainly unrestricted. As reported last year, some of the donations made to help fund 2023 activities were received in late 2022. These donations thereby increased our free reserves at the end of 2022 with the application of those funds to our core activities in 2023 contributing to the deficit in the year.

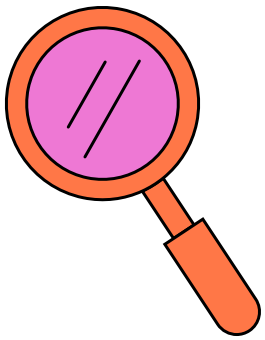
The continued support of our funding partners is extremely welcome especially as many of them have indicated ongoing donations funding for 2024 and 2025.

Operating expenditure

Total operating expenditure for the group was £59.5m (2022: £59.9m) showing a small decrease despite the increases caused by inflation. Expenditure in the current year includes £1.3m of expenditure relating to the start of our back office optimisation programme ("BOO").

People costs remain the group's largest area of expenditure, being approximately 70% of total operating costs. We continue to drive to ensure that we are as efficient as we can be but without detriment to our ability to deliver for our clients and provide the appropriate quality of service. In 2023 we allowed our colleague base to contract by 7% but still helped slightly more people than we did in 2022.

Continuing to deliver appropriate cost efficiencies will remain a focus in 2024 and 2025, in debt advice but in particular in debt management operations via the BOO programme. This will increase our financial resilience as well as provide better experiences for our clients, their creditors and our colleagues.



Net operating result

The operating deficit of £4.7m (2022: £2.1m surplus) is comprised of a restricted deficit of £3.8m (2022: £1.8m surplus) and an unrestricted deficit of £0.9m (2022: £0.3m surplus). The restricted deficit is primarily the utilisation in 2023 of funding received in the prior year relating to our pilot programme to provide debt advice to self-employed individuals.

The unrestricted deficit is stated after an amortisation charge of £1.5m (2022: £2.1m) which relates to the Pulse debt advice development costs that were capitalised as an intangible asset. The charge for the year was lower than in the previous year as the asset was fully amortised by September 2023. The remaining deficit reflects timing of donations and the start of our expenditure on the BOO programme.

Capital expenditure

Total additions to tangible fixed assets were £0.1m this year (2022: £0.2m) with additions being primarily small amounts of IT and office equipment.

Subsidiaries

The charity has two subsidiaries, one for the provision of insolvency solutions, and one for equity release and mortgage solutions. Any net proceeds generated by these subsidiaries are distributed via Gift Aid back to the charity. Both operations have been developed to help people become free of problem debt. Within the charity's Statement of Financial Activities, the proceeds from the subsidiaries are not classified as charitable activities but included within donations received.

Cashflow, investments and liquidity

Our investment policy agreed by the Trustees remains to invest in fixed-term bank deposits only. Within the year, there was a net decrease in cash and cash equivalents of £2.1m (2021: £4.5m increase). This decrease is due to utilisation in 2023 of both restricted and unrestricted donations received in 2022.

At 31 December 2023 total cash and cash equivalents were £9.5m (2022: £11.6m) with no funds held on deposit for a period of greater than three months (2021: £NIL).

The group has a liquidity backstop cash requirement agreed with the FCA being a minimum cash balance of £5.25m. Such cash reserves would allow the group to effect an orderly winddown without detriment to clients should the situation ever arise.

Reserves policy and management

Reserves are maintained at a level to manage the short-term financial risk, the potential costs of unplanned closure and ensure the long-term viability of the charity given the risks detailed in the "Principal risks and uncertainties" section of this report.

Our reserves policy is reviewed by the Board of Trustees at least annually. In assessing the policy the Board considers the scale of the charity's ongoing cost base, the risk environment, security of funding as well as the investment needs of the group.

In line with best practice, our policy includes a lower and upper limit on our free reserves. This ensures that whilst, on one hand, we are ensuring the group's ongoing financial viability, the group is also applying as much funding to its charitable objectives as it reasonably can.

In December 2023 the Board approved our reserves policy unchanged, being that the group's free reserves (i.e. reserves after removing net tangible and intangible fixed assets and restricted funds) will not be allowed to fall below £10m nor to exceed £18m. This range ensures that reserves should be, at minimum, adequate to ensure an orderly winddown of the charity should that route be chosen or required. Above that minimum, slightly higher reserves help create an operating and planning buffer against that minimum level. The Board may also choose to utilise the higher end of the range should funding risk increase or resource be required for significant future investment.

At 31 December 2023 the group's free reserves stood at £13.6m being unrestricted funds of £13.9m less fixed assets of £1.4m plus unamortised landlord fit-out contribution of £1.1m. This is a decrease of £2.0m since the start of the year as we commenced our investment in the new back office debt management systems.

The total balance sheet reserves at 31 December 2023 were £14.8m (2022: £19.5m), of which £0.9m (2022: £1.8m) are restricted in nature.

Investment policy

The group's investment policy is reviewed annually by the Audit and Risk Committee. In 2023, the policy has been maintained to continue to invest the surplus liquid funds in fixed-term deposits with maturities of no more than 12 months. This allows the Board the appropriate flexibility and liquidity as we utilise reserves for the BOO programme. However as interest rates have risen we have been able to utilise shorter-term deposits to generate some return on our balances at minimal risk. Interest yield on overall balances in 2023 was 2.03% (2022: 0.25%).

Basis of preparation of the Accounts

In line with the Charities Accounts (Scotland) Regulations 2006 (as amended), the charity has prepared a charity-only Statement of Financial Affairs on page 46, with additional charity-only disclosures made in the notes to the financial statements. The financial statements have been prepared on the going concern basis. The charity has strong financial resources invested with minimal risk and no borrowings.



Principal risks and uncertainties

Our approach to risk management

The Board of Trustees is responsible for approving the charity's approach to risk management and for setting the type and amount of risk that the charity is willing to accept in pursuit of its objectives.

The Board reviews its risk appetite at least annually to ensure the charity is continuously managing its risks and exposures effectively, considering changes that may impact the type and amount of risk it is willing to take.

Through the charity's delegated authority framework, the Audit, Risk and Compliance Committee (ARCC) is accountable for ensuring maintenance of a sound system of internal control and risk management.

ARCC, in turn, delegates the day-to-day operation of internal controls and risk management to the Executive team. The Chief Risk Officer has responsibility for the design, implementation and effective operation of the Risk Management Framework.

The charity aims to operate effective processes which enable colleagues to identify, assess, manage, monitor and report on the risks to which StepChange is exposed.

Decisions are based on managed risk-taking in alignment with our risk appetite and in pursuit of our strategic plan. In doing so, we seek to protect the interests of our clients, in line with our obligations under the FCA Consumer Duty, while ensuring the longevity of the charity.

Three lines of defence

The charity operates a 'Three lines of defence' model. Our application of this model is tailored to the size, complexity and activities of the charity.

The first line owns and operates most controls to mitigate risk and maintain our ongoing compliance.

The second line is responsible for the design, implementation and effective operation of the Risk Management Framework, as well as providing assurance, advice, oversight and challenge to the first line.

The third line is Internal Audit which provides independent assurance over first and second line activity. It reports to the Audit, Risk and Compliance Committee to provide an impartial view of the charity's risk and control environment.

Risk management framework

Risk management takes place in the context of our culture and this will always influence how colleagues manage risk. Our risk management framework is designed to positively influence behaviours in pursuit of our target culture.

The charity has a risk management framework which is designed to create a consistent and effective approach to the management of risks.

Direction	Governance	Managing	Monitoring
Risk and Compliance Strategy The risk and compliance team use their expertise to enable the charity to safely achieve the StepChange strategy and deliver good outcomes for our clients.	**Governance Committees** Committees and Forums allow us to maintain oversight of all key risk exposures.	**Risk Registers /risk and control self-assessment (RCSA)** Risk Registers and RCSA processes support the identification, assessment, mitigation and ongoing monitoring of risks and controls.	**1st line assurance** 1st line functions undertaking assurance activities such as quality monitoring.
Risk appetite Using board approved statements and thresholds, risk appetite creates a common understanding of the acceptable boundaries for risk-taking.	**Risk decisions** Assessing risks and opportunities to determine the best course of action, ensuring decisions are aligned to risk appetite. Where decisions may be outside of appetite, choosing to consciously tolerate risks for a fixed period.	**Risk event / incident management** Risk events (risks that have materialised) are consistently managed, reported and remediated by the business with support and oversight from Risk and Compliance.	**2nd line assurance** Risk and compliance functions undertaking assurance activities such as compliance monitoring, control assurance, and risk reviews.
Risk policies and standards Rules, guiding principles and processes that provide direction on core activities across StepChange.	**Risk reporting and thresholds** Reporting key risk exposures to relevant individuals and committees to enable risk-based decision making. Agreed thresholds and tolerances prompt action or escalation where thresholds are exceeded.	**Scenario analysis and stress testing** The assessment of extreme but plausible future scenarios to understand our level of resilience.	**3rd line assurance** Independent assurance provided in the form of internal audit reviews.



Key risk themes

The risk landscape that the charity operates within continues to evolve. Key risk themes that we were exposed to during 2023 were:

Cessation of grant funding in England and Wales

For a several years the charity received grant funding from the Money and Pensions Service ("MaPS") to help fund debt advice activities, as well as for the provision of Debt Relief Orders ("DROs"). A procurement process was undertaken by MaPS for service contracts which would replace grant funding. The charity was not awarded a contract for either debt advice or for DRO's and the previous grants for these services ceased on 31 January 2023.

In response to this we rationalised our services, undertaking a reduction in our overall operating costs. We have worked with several partners who have made commitments to provide direct funding into 2024 and 2025 which will maintain our capacity to help clients.

We are working with key partners across the sector to understand the longer term funding needs to provide effective debt advice in the UK.

Impact of increased cost of living

We continue to see the impact of what has become known as the 'cost of living crisis' as inflation and interest rates increased in the UK. The charity, like other organisations, has faced increases in its operating costs. However, household budgets with those in, or nearly in, financial difficulty have been most severely impacted.

This leads to more people needing debt advice, more of those people not being able to take up a repayment solution and reductions in the amounts clients can afford to pay on their repayment solutions.

The charity's largest source of income is the Fair Share Contribution ("FSC") whereby our clients' creditors donate back to the charity a percentage of the clients' debt payments. This income is directly affected by the number of clients who are able to make debt repayments and the reducing amounts that clients can afford to pay.

Whilst our clients have shown resilience in maintaining their repayment plans, we have seen FSC income fall and we have therefore needed to adjust our financial plans accordingly.

Replacing legacy systems

The charity, like many organisations which has existed for over 30 years, has accumulated a number of outdated systems. This has also produced a significant amount of complexity in our back-office systems and a number of manual processes.

Back office optimisation is a programme of work that the charity is undertaking to replace the outdated systems that we currently use to help clients during their journey to becoming debt free. We are investing significantly in order to become more efficient by replacing legacy systems with new technology and tools, meaning we can work far more seamlessly and efficiently. This will help the charity, our clients and our partners to provide a firm foundation from which to undertake further digital transformation in the future.

During this major programme of work the charity is exposed to heightened change risk. In response we have strengthened the governance, reporting and control provided by the charity's Project Management Office.

Principal risks and uncertainties

A description of our principal risks that the charity is exposed to, and how we mitigate them, is included in the table below:

Risk Category	Principal Mitigation
Strategic: Risk arising from strategic plans and decisions, our reputation, and external factors threatening our strategic objectives or financial sustainability.	Regular strategic planning, horizon scanning, monitoring of the external environment, stress testing, and reporting.
Product and Marketing: Risk arising from product design, development, targeting, suitability, promotions and communications.	Extensive monitoring of product performance, client outcomes, client satisfaction and engagement.
Quality and Service: Risk arising from the provision of products and services to clients, and failures to adhere to defined quality standards.	Detailed reviews of client outcomes across all channels, products and services, undertaken by the Quality Monitoring Team.
Change: Risk arising from the prioritisation and execution of change projects (time / cost / quality), realisation of benefits, and capacity to deliver / absorb change.	Project Management Office overseeing performance of the change portfolio, ensuring robust project governance and reporting.
Technology: Risk arising from the failure or suboptimal performance of technology and the ability to recovery systems and data.	Continuous monitoring of core system availability and have procedures to respond to unplanned service interruptions and restore services.
Information Security: Risk arising from internal or external threats and vulnerabilities which may affect the confidentiality, integrity or availability of information.	In-house security capabilities augmented with an outsourced security advisor and 24/7 security operations.
Business Continuity: Risk arising from events which may disrupt normal operations and activities or reduce the ability to resume normal operations following a disruption.	Business impact assessments and business continuity plans to respond to and recover from disruptive events.
Procurement and Supplier Management: Risk arising from the selection and management of third-party suppliers, their delivery, conduct, or business failure.	Thorough due diligence and monitoring of our suppliers to mitigate third party risks.

Risk Category	Principal Mitigation
People and Culture (incl. Health and Safety): Risk arising from our ability to attract, retain, and develop sufficient people with necessary skills; the consequences of the behaviour of our people; and threats to the safety and wellbeing of our colleagues.	Comprehensive support for the wellbeing of our colleagues, perform regular engagement surveys and monitoring sickness and attrition.
Legal and Governance: Risk arising from the design and operation of our governance framework, management of IP and legal agreements, and interpretation / adherence to relevant legal and corporate/ charity governance requirements.	Robust governance and risk management frameworks and policies to ensure consistent and effective management of our risks.
Regulatory (including Data Protection): Risk arising from our relationship with our regulators and our interpretation / adherence to relevant regulations, including our obligations towards consumer outcomes and data protection.	Annual programme of compliance monitoring reviews to assess our ongoing compliance and fulfilment of our regulatory obligations.
Financial Management and Reporting (Including Financial Crime): Risk arising from the management of our financial resources, financial reporting, client asset management, and prevention of financial crime.	Extensive controls, procedures and policies to responsibly manage our financial resources.
Funding and Growth: Risk arising from the management of our relationships with partners, securing adequate funding, and our competitiveness in the sector.	Clear funding targets, regular planning and reporting to ensure necessary funding targets are met.
Media and Campaigning: Risk arising from our external media presence, internal and external communications, policy positions, influencing and campaigning.	Key campaigning priorities to positively influence policy makers for the benefit of our clients.

Our priorities for 2024

2024 will be an important year for StepChange. We know it's been a tough time for households across the UK and, for many, 2024 will be no different.

That's why we're ready to help nearly 200,000 people with full debt advice this year alone, with many more coming to us for broader help and guidance. We know that to keep up with clients' evolving needs and demands that this year we will need to go further and faster with our investment in new technology and ways of working.

Clients want, need and expect debt advice and support that fits around their lives, works for them and is available 24/7. At StepChange, we can provide that. StepChange will also spend 2024 developing a new organisational wide strategy to take us from 2025 through to 2030.

The backdrop to this will be political change, ongoing economic headwinds and change in technology expected to be more rapid and radical than we have ever seen before. And all of this comes during a time when the debt advice sector becomes more competitive and, in many ways, more fragmented. It's therefore no exaggeration that this will be a seismic year for the charity. However with a highly motivated and committed colleague base, we're up for the challenge.

Supporting clients

Whilst politicians, and by extension, the media may argue that the cost of living crisis is easing, we know that for our clients – and millions across the country – financial pressures remain as acute and challenging as they have ever been.

Rising rents or mortgage rates, energy bills that remain at historic highs, food shops that take up an ever-larger share of a household budget. All of these factors mean our service and wider support remain more important than ever.

This year we stand ready to take nearly 200,000 people through full debt advice and offer broad support to 600,000 people. We'll strive for ever higher standards of those services, rigorously track client outcomes and seek to signpost to the widest range of support possible.

We continue to see the impact of what has become known as the cost of living crisis, as inflation and interest rates increased in the UK. The charity, like other organisations, has faced increases in its operating costs. However, the household budgets of those in, or nearly in, financial difficulty have been most severely impacted.

This leads to more people needing debt advice, more of those people not being able to take up a repayment solution and reductions in the amounts clients can afford to pay on their repayment solutions. We may continue to see this moving forward.

The charity's largest source of income is the Fair Share Contribution ("FSC") whereby our clients' creditors donate back to the charity a percentage of the clients' debt payments. This income is directly affected by the number of clients who are able to make debt repayments and the reducing amounts that clients can afford to pay.

Whilst our clients have shown resilience in maintaining their repayment plans, we have seen FSC income fall and we have therefore needed to adjust our financial plans accordingly, whilst increasing our efforts to encourage FSC non-payers to contribute alongside their industry peers.

Our colleagues

Our colleagues provide that special spark that sets us apart from other organisations. In 2023 we were proud to attain colleague engagement in the top 25% of all organisations surveyed. During 2024, we will continue to empower our colleagues and maximise their engagement and growth by implementing our new learning and development strategy.

We will also focus on enterprise leadership, embedding desired behaviours and continuing to work towards our Equality, Diversity, and Inclusion ambitions. In 2024, we will launch colleague network groups, implement our internal communication and listening strategies and ensure colleague voice is heard throughout the organisation.

Back office optimisation

We know that some of our legacy systems, particularly those that are fundamental to what we call our 'back office' functions like payment processing, client review or sending out correspondence – are outdated, not efficient enough and can cause needless friction in the user journey for both clients and our creditor partners.

This year we're continuing our ambitious project to retire legacy systems and replace key back office systems.

The programme of work is wide ranging and expected to deliver significant cost savings and efficiencies, as well as a reduction of technical issues; fewer systems, and more efficient processes – making life easier for colleagues, clients and creditors; and richer client data with better reporting and more agility.

Contact centre re-platform

This year we'll also deliver a whole scale re-platforming of our contact centre telephony service. The programme will replace our existing telephony, workforce management and call recording platforms with market-leading solutions, but which also deliver a range of transformational features for our operational colleagues, while simultaneously widening our assurance reach and insight.

Partner Promises

Working with our partners is fundamental to our strategy. Our ambition is to be recognised as the leading debt advice provider in the sector, and to become the strategic partner of choice for all our partners.

In 2023 we launched our new Partner Promises, a set of commitments that set out how we will work with and deliver for our partners. In tandem, we also established a new annual partner feedback survey so that we can hear directly from our partners. This will allow us to understand how well we're delivering on our Partner Promises, and where we need to focus our efforts to continue improving our service to partners and their customers.

We'll also continue to engage with organisations who don't yet financially contribute to the provision of debt advice to seek ways that they can support our vital services.

Client Focus Group

In February 2024 Trustees Sue Acton and Liz Harding attended the first in-person client focus group at our Leeds' office. Part of the Voice of the Client insight programme,

the group was conducted with new DMP clients and explored early experiences of StepChange and our services. Further sessions involving the Trustees are planned in 2024 to deliver regular insight into the Voice of the Client programme and to help inform continuous improvement.

General election

After years of challenge across the political landscape, the country faces a choice at the next election. Regardless of which party wins, we're likely to see significant change in Westminster. A substantial number of MPs have announced they're standing down so we'll be engaging and getting to know a lot of new faces in parliament.

Putting the needs of our clients – and those at risk of problem debt – on the political agenda is an important part of StepChange's work. Over the years we've been at the forefront of influencing on issues like payday lenders, the introduction of a breathing space scheme and calling for bailiff regulation.

This year we'll be asking parties fighting the election to commit to:

- A debt advice sector that works for clients
- A fair deal for private renters
- A national financial inclusion strategy
- Introducing a national no interest loan scheme
- Introducing a statutory bailiff regulator

New organisational strategy

Our current organisational strategy – Stepping Up In A Changing World – runs until the end of 2024. That means we need to develop a new strategy that takes the charity through from 2025 until 2030. The key trends and factors any new strategy will need to address include: sector funding challenges, the changing needs of clients and the competitive environment across all nations of the UK.

We'll be engaging extensively with key stakeholders and colleagues as we set out our new strategic direction in 2025 through a comprehensive theory of change, strategy and delivery metrics.

Future sector funding model

This year we'll seek to continue leading the discussion to develop the debt advice sector and associated funding model that delivers effective and efficient services and excellent client outcomes, whilst fostering a culture of collaboration and recognition of organisations specific expertise and focus. We'll work closely with organisations like the Money and Pensions Service as they consult on future debt advice sector funding models.



Structure, governance and management

Structure and management

Foundation for Credit Counselling ("the charity"), which trades under the name StepChange Debt Charity, is a company limited by guarantee and is registered as a charity (no. 1016630 in England and Wales, and SC046263 in Scotland).

The charity is authorised and regulated by the Financial Conduct Authority (FCA no 729047) to provide debt adjusting and debt counselling services. It is permitted to hold client money as a not-for-profit firm and holds limited permission under the FCA Handbook within its flexible firm portfolio.

Consumer Credit Counselling Service (Equity Release) Ltd is separately authorised and regulated by the Financial Conduct Authority (FCA no 517674) to advise and arrange home reversion plans and mortgage contracts.

Both the charity and Consumer Credit Counselling Service (Equity Release) Ltd fall under the FCA's Senior Managers and Certification Regime for solo-regulated consumer credit firms, as 'limited' and 'core' firms respectively. Appropriate arrangements are in place to ensure both entities comply with the requirements of the regime.

Consumer Credit Counselling Service (Voluntary Arrangements) Ltd employ Insolvency Practitioners that are licensed and authorised by the Insolvency Practitioners Association (IPA).

Board of Trustees

The charity is governed by a Board of Trustees (the Board) and currently consists of 12 Trustees. In 2023 three new Trustees were appointed and in 2024 one new Trustee was appointed.

For the purposes of company law, all Trustees are treated as Directors of the charity. Trustees have a duty to act in the best interest of the charity, and must not place themselves in a position where they have, or may have, direct or indirect interests that conflict with their duties as a Trustee. As such, the charity has a Trustee Conflict of Interest Policy in place, which sets out guidelines and procedures for identifying, monitoring and managing actual and potential conflicts of interest. A register of Trustees' external interests is maintained, and reviewed annually by the Board, with interim updates presented at Board meetings whenever amendments or additions are made. There is a standing agenda item at each Trustee meeting requiring those present to declare any conflicts of interests relating to matters to be discussed at the meeting. Trustees and members of the Executive team sign an annual declaration to review the accuracy of their register of interests.

The Board has a Schedule of Matters Reserved and is responsible for setting the group's strategic direction, overseeing governance and risk, setting budgets and ensuring that the charity achieves its objectives and complies with its legal and regulatory obligations. Some specific duties of the Board are delegated to the Audit, Risk and Compliance Committee, and the Nomination and Remuneration Committee, with the day to day running of the charity managed by the Executive team.

The Board held five full meetings during 2023, as well as strategic planning days and additional shorter meetings held on specific subject areas as required.

On behalf of the Board, the Nomination and Remuneration Committee oversees arrangements for a Board Effectiveness review process, to periodically review the collective performance of the Board and its Committees. In 2023, we continued to review our performance and build upon the helpful recommendations of the 2022 externally-facilitated evaluation exercise, to further strengthen our governance practice and Board effectiveness. In addition, the Chair has annual discussions with individual Trustees to review their performance and contribution to the Board; the performance of the Chair is reviewed annually by the Senior Independent Director.

Trustee induction

The induction of new Trustees is facilitated by the Company Secretariat function. Trustees receive a comprehensive induction pack providing reference information covering the background of the charity, its structure and status, its method of operation, its finances and the environment in which it operates. Trustees have access to the charity's Board Portal which contains past Board and committee meeting packs, policies, and strategy documents. Governance information is provided via the Charity Governance Code and key Charity Commission guidance including "The Essential Trustee", and the NCVO's online training session on Trustee roles and responsibilities. The Trustee induction programme also involves meetings with managers across the different functions of the charity, as well as client call listening and other observation sessions with front line operations colleagues. Additional tailored induction sessions are arranged for individual Trustees as required. In 2023, we introduced a Trustee mentoring system for those joining the Board in their first Trustee role.

Trustee term of duty

New Trustees are initially elected for a term of three years, which may be extended for a further three years upon approval by the Board. A Trustee may in exceptional circumstances be appointed for a third three-year term where the Board determines that it is in the best interest of the charity, and in line with agreed criteria for such an extended term.

Trustees, with the exception of the Chair of the Board, receive no remuneration for their services, but are entitled to receive reasonable expenses when costs are incurred as a result of carrying out their normal duties and responsibilities. In 2023, we reviewed and broadened our Trustee expenses policy to align with Charity Commission guidance in order to ensure no Trustee is 'out of pocket' as a result of carrying out their normal duties and responsibilities and, more generally, to ensure that being a Trustee is open to all. Third-party indemnity provision is in place for the benefit of all Trustees.

Committee structure

The Board has two specialist committees to assist it with its work – Audit, Risk and Compliance, and Nomination and Remuneration – which have specific responsibilities as outlined below.

Trustees may be invited to serve on one or more Board committees. Executive team members attend Board and committee meetings by invitation. Committee membership details are shown in the table on page 29. The Chair of each committee reports back to the Board at its next formal meeting and minutes of committee meetings are circulated to all Trustees.

Audit, Risk and Compliance Committee

The Audit, Risk & Compliance Committee's purpose is to provide assurance to the Board that the group as a whole has an effective system of internal controls, risk management, and financial reporting, including oversight of internal and external audit processes. The areas covered within the Committee's terms of reference include: financial reporting; internal controls and risk management systems; financial crime, whistle blowing and anti-bribery; internal audit; and external audit. The Committee met four times in 2023.

Nomination and Remuneration Committee

The Nomination & Remuneration Committee's purpose is to provide oversight of trustee and executive appointments, remuneration, and organisational culture arrangements. The areas covered within the Committee's terms of reference include: Board and Committee composition; selection processes for Trustees and the executive; succession planning; Board, trustee and executive performance; the overall rewards and recognition framework; equality, diversity and inclusion; organisational culture; contractual arrangements for the executive team; and the review of remuneration trends and market analyses. The Committee met three times in 2023, in addition to meetings relating to the recruitment of new Trustees.

Executive

The Executive team manages the charity's daily activities. Responsibilities are governed through formally minuted monthly meetings of the Executive Board and the Strategic Investment Board, and quarterly meetings of the Executive Risk & Conduct Committee.

The Executive Board provides focus on strategy and planning, day-to day oversight and management of the operations of the charity, including financial and colleague performance management, service delivery and operational volumes. It develops business plans, policies, procedures and budgets for presentation to the Board of Trustees and has responsibility for implementation when Trustee Board approval is received and ensuring the effective delivery of the Charity's purpose, strategy and objectives.

The Strategic Investment Board is responsible for establishing, maintaining and reviewing the charity's Strategic Change Roadmap and ensuring continued alignment with the StepChange vision. This includes considering and approving new projects / programme requests; directing the progress of the overall Change Portfolio against agreed cost, time and risk parameters; and leading and supporting the development of the Change Management Framework.

The Executive Risk and Conduct Committee provides oversight of the risk, compliance, audit and control framework for the Charity, and informs the Executive of material risks, breaches or operational failures to enable timely escalation to the Board and the Audit, Risk and Compliance Committee. The areas covered within its terms of reference include risk management; compliance; information security and data protection; client money; financial crime; health and safety; and internal audit.

Trustees' client focus group

In 2023 the Board welcomed plans to establish a Client Focus Group to be attended by a small group of Trustees and the charity's clients; the objectives of the group are to give opportunity for clients to speak directly with Trustees to share their experiences, to provide valuable insight to the Board and the charity to help shape future propositions and client experiences, and to keep Trustees up to date with issues affecting clients and the impact on their lives.

The group will meet every six months and held its first meeting in early 2024; outputs

and recommendations from each session will be shared with the full Board and internally with the Client Steering Group who will look to ensure any improvements are fed into the programme of Continuous Improvement.

Charity Governance Code

The charity's governance framework aims to be in alignment with the principles of the 'Charity Governance Code for Larger Charities'. The Code's seven principles cover organisational purpose; leadership; integrity; decision making, risk and control; board effectiveness; equality, diversity and inclusion; and openness and transparency. The charity is committed to maintaining the highest standards of governance and uses the Code as a practical point of reference to drive a process of continual improvement built upon the Code's principles, key outcomes, and recommended practice.

The Board effectiveness review undertaken by an external third-party in 2022 included a positive assessment of the charity's performance against the Code principles, with an action plan in place to address the recommendations of the review to further strengthen governance systems and Board practices, which we continued to implement and develop.

Equality, diversity and inclusion

The Board of Trustees recognises that becoming a diverse and inclusive organisation will enable the charity to attract, retain and develop the best talent, better support innovation, enhance our brand and reputation, and meet an increasing regulatory focus, as well as being critically important for both our clients and our colleagues as well as wider stakeholder relationships.

The Board welcomed the publication in 2022 of the Stepping Up to Equality, Diversity and Inclusion (EDI) Strategy, the charity's first ever formal EDI strategy, which lays foundations for future development and underpins the overarching organisational strategy. Our focus for 2023 was to execute the commitments made within the strategy following the agreed roadmap for implementation. The initial first step was to increase EDI awareness, as well as empower and enable our colleagues to embed EDI within their roles. This took the form of an in-depth EDI Behaviours Programme, which will be rolled out to all directorates in 2024, following a successful pilot. This programme ensures that colleagues are informed, but are also equipped with the knowledge, and autonomy required, to embed EDI within policies and organisation-wide business and practices.

Colleague engagement has also improved, with the Chief People Officer and Chief Digital Officer travelling to regional offices to host listening sessions. These listening sessions were attended by a good representation of colleagues who were invited to share their experience and recommendations for improving inclusion. We are pleased to note that our actions are creating results, with our score for inclusion increased by another eight percentage points in the Engagement Survey for 2023.

We have also conducted a successful internal Diversity Data Campaign throughout 2023, increasing the disclosure rate by 47% from 2021. This data will help us to take a more targeted approach to address areas of underrepresentation, but also highlight and celebrate our achievements.

We are making a concerted effort to address areas of underrepresentation within the organisation through our recruitment processes. Our recruitment data has shown that we are attracting a diverse pool of candidates; however, we will be looking at ways that we can continue to improve our recruitment practices. We have successfully recruited two new Executive roles, a new Chief Digital Officer, and a new Chief

Risk Officer, maintaining a good gender representation at Executive Board level with 57% female and 43% male representation.

Within its own practice, the Board recognises the value of a diverse group of Trustees, with a broad range of experience, skills, background, and perspectives, in its aim to improve its own effectiveness and ensure balanced decision-making. The Nomination and Remuneration Committee regularly carries out an audit of skills, experience, and diversity of Trustees to identify gaps, and to inform trustee recruitment and training. When recruiting new Trustees, the Committee considers how best to attract a diverse pool of candidates, and where and how trustee vacancies are publicised. In 2023, a trustee recruitment exercise included a focus on appointing Trustees who could bring greater diversity of backgrounds, perspectives, and experience. As a result, we were pleased to be able to attract – and recruit - candidates with lived experience in relation to problem debt who in addition to a wide range of other invaluable skills and attributes, bring vital additional insight to the Board as a result of their own background and experiences. These improved practices have increased representation on the Board, which is now evenly split for both male and female genders.

The Nomination and Remuneration Committee on behalf of the Board continues to lead on monitoring the implementation of the EDI strategy, and with the Committee Chair, Helen Dean, taking on the role of Trustee EDI Champion.

Remuneration of senior employees

The charity has a Pay Policy which applies to all employees, and is regularly reviewed by the Nomination and Remuneration Committee and approved by the Board. A Total Reward Strategy is also in place, the overriding principle of which is for the charity's total reward offering to be competitive, fair and sustainable. The principles guiding the charity's pay management approach include basic pay reflecting a colleague's skills, competence and capability to perform their role, and with all roles aligned to a pay range built around market median pay levels. The Pay Policy reflects the current approach to pay and rewards introduced by the strategy, and clarifies how pay will be benchmarked and managed, and includes annual pay review, development reviews and the use of in-role development frameworks to reflect the development of skills and knowledge.

The Nomination and Remuneration Committee determines the remuneration of the Chief Executive and the Executive team, in line with the Pay Policy. Executive appointments are subject to fair and open competition, with salary levels determined by benchmarking and set at advertising stage. The remuneration of the Chief Executive and the range of salaries for other members of the Executive team are published in the financial section of the annual report.

Trustees' report

Board of Trustees at 23 April 2023*		Delegated Board Committees**		Operating Subsidiaries Boards
Trustees	**Year of appointment**	**Audit, Risk and Compliance**	**Nomination and Remuneration**	
John Griffith-Jones (Chair of the Board)*	2019		Member	
Sue Acton	2023			
Mike Ashley	2023	Member		
Nick Caplan	2019	Member		
Helen Dean CBE	2019		Chair	
Tim Frost	2017			
Liz Harding	2023			
Yvonne MacDermid OBE	2021			Director
Janet Pope**	2024	Member		
Chris Stern (Senior Independent Director)	2016	Member	Member	
Lesley Titcomb CBE*	2019	Chair		
Chris Wood	2021		Member	

* John Griffith-Jones is due to stand down as trustee and Chair of the Board with effect from 30 April 2024. Following an open and externally-facilitated recruitment process, Lesley Titcomb is to be appointed as Chair of the Board with effect from 1 May 2024, at which point she will stand down as Chair of the Audit, Risk and Compliance Committee.

** Janet Pope was appointed in January 2024.

Trustees

John Griffith-Jones

John was appointed Chair of StepChange Debt Charity in 2019. He is also a member of the Nomination and Remuneration Committee. He served as the inaugural Chair of the Financial Conduct Authority from 2013 to 2018, during which time the FCA took on responsibility for regulating consumer credit.

Previously, John had a career at KPMG, culminating in him becoming their UK Chairman and Senior Partner, and also Chairman of their European, Middle East and Africa region.

John is currently a Governor of Brentwood School, and is a trustee of the Rifles Volunteer Trust. He is also a Deputy Lieutenant in Essex. John was formerly Vice Chairman of the National Numeracy Trust.

John studied Economics at Trinity Hall, Cambridge. He is a chartered accountant and he was an officer in the Territorial Army for 14 years.

Sue Acton

Sue joined the Board in 2023. She is a freelance consultant, drawing on the rich experience of an unusual career path. Her focus is customer vulnerability and financial services, as well as gambling related harm.

After graduating from Oxford with a degree in Experimental Psychology, Sue joined Barclays. She held senior roles in operations, marketing, and diversity and inclusion before leaving over ten years later. A period of entrepreneurial and third sector activity followed. Then, after overcoming some personal challenges, Sue returned to banking as part of the vulnerable customer team at Monzo.

Recent experience of working directly with people in difficult situations, combined with her own lived experience of financial difficulty, means Sue brings a unique perspective to her work.

Sue lives in Warwickshire. She is part-way through an MSc in Psychology and would like to study for a PhD, ideally whilst exploring the UK and beyond in a campervan.

Mike Ashley

Mike joined the Board in 2023. He is a member of the Audit, Risk and Compliance Committee. Until early 2023, he was a Non-executive Director and Chair of the Audit Committee of Barclays Plc, a role he had taken on following retirement from KPMG in September 2013.

At KPMG he had spent most of his career as an audit partner focused primarily on the banking sector, but latterly was also responsible for KPMG's own risk management and was the firm's designated Ethics Partner.

He is currently also a member of the Cabinet Office Board and Chair of its Audit and Risk Committee and is a trustee at the Charities Aid Foundation and at The Scout Association.

Nick Caplan

Nick joined the Board in 2019. He is a member of the Audit, Risk and Compliance Committee. Nick brings technology, strategy and operational experience from a broad range of sectors. Most recently he co-founded Ordo which provides an open banking payments platform to help people gain better control of their payments.

Nick is a Director of Vitality Life and Health, Chair of AND Digital, and Ordo. Significant prior roles included Chair of Faster Payments, a key part of the UK's payments infrastructure; Chair of MyCSP a public sector pensions administrator and an executive director of Logica, a major IT services company.

Helen Dean CBE

Helen joined the StepChange Board in 2019 and is Chair of the Nomination and Remuneration Committee, and the Board Champion for Equality, Diversity and Inclusion.

Helen is one of the architects of auto enrolment, having started her career at the Department for Work and Pensions where she developed the policy and legislation for the pension reforms that led to auto enrolment and the establishment of Nest. She was CEO of Nest from 2015 to April 2024. From May 2024 she will take up a new position as Chair of the Standard Life Master Trust.

Helen cares deeply about delivering great outcomes for savers through sustainable and responsible investment, connecting with the new cohort of savers generated by auto enrolment, and promoting diversity across our industry.Throughout her career Helen has maintained a passionate interest in addressing financial inequalities and promoting financial resilience across society.

Helen is a Governor of the Pensions Policy Institute (PPI) and a member of the HMT Asset Management Taskforce. She is also Chair of the Governance Committee for Your Island Pension, the automatic enrolment pension which will be introduced by the States of Guernsey in 2024. Helen was awarded a CBE in the 2021 New Year Honours list for her services to pension saving.

Tim Frost

Tim joined the StepChange Board in 2017 and for four years was Chair of the Audit and Risk Committee (2019 to 2023).

He is the Chair of Polus Capital, Chair of the risk committee of UK Export Finance and an Emeritus Governor of the London School of Economics. Before Polus Tim worked in a series of trading and management positions at JP Morgan, and was a Director of the Bank of England. He started work as an officer in the British Army serving in Germany and in the Falkland Islands.

Liz Harding

Liz joined the Board in 2023. She brings lived experience to the Board as a previous beneficiary of the charity's life changing services and a true passion for the cause.

She is CEO of 'Hearts Together', a charity in Devon which works collaboratively with the local NHS Trust to deliver support services and hospital hotel accommodation for patients, carers, relatives, and healthcare professionals. Since taking up this role in 2017, Liz has led the charity through a period of change and transformation, developing a sustainable operating model to expand and enhance its services.

As a Charity CEO, and with a wealth of sector experience, Liz has an understanding of the importance of meeting an individual's needs, ensuring clients and consumers remain at the heart of decision making.

Yvonne MacDermid OBE

Yvonne joined the StepChange Board in 2021. She is also a Non-Executive Director of the charity's two trading subsidiaries, CCCS Equity Release Ltd and CCCS Voluntary Arrangements Ltd.

She has been involved in credit and debt matters for over 36 years and stood down in 2021 after almost 24 years as Chief Executive of Money Advice Scotland. Yvonne is passionate about the provision of debt advice and financial education and treating customers fairly. Given the current economic and cost of living crisis, she is particularly concerned about how we ensure vulnerable consumers are not left out in the cold. Yvonne is currently leading the Independent Review of Scottish debt solutions.

Yvonne is a Non-Executive Board member and Director sitting on four Boards from across the public, private and voluntary sectors, including the Credit Services Association and its subsidiary, and The Scottish Rail Preservation Society. She is also Board Director of Pollok Credit Union.

In 2002 Yvonne received the OBE for services to disadvantaged communities, and in 2018 she was awarded the inaugural "Women in Credit" Lifetime Achievement Award.

Janet Pope

Janet joined the Board in January 2024. She is a member of the Audit, Risk and Compliance Committee. She joined Lloyds Banking Group in 2008 to run the Savings business and from 2012 to 2023 was Chief of Staff and latterly Chief Sustainability Officer, a Group Executive Committee role.

She was previously Chief Executive at Alliance Trust Savings, prior to which she was EVP Global Strategy at Visa International.

Janet spent 10 years at Standard Chartered Bank where she held a variety of roles including Retail Banking MD for Africa and non-executive directorships at Standard Chartered Bank Zimbabwe, Kenya, Zambia and Botswana.

Janet studied at the London School of Economics. She has a Master's degree in Economics and holds an MBA from Cass Business School (now Bayes).

Janet has extensive non-executive experience in government departments, charities and the private sector. She is currently Chair of the Charities Aid Foundation Bank, Trustee of the Charities Aid Foundation, and Trustee of Camden School for Girls.

Chris Stern

Chris Stern, FCCA FCMI, was appointed to the Board in 2016. He is Senior Independent Director at StepChange and is a member of the Audit, Risk and Compliance Committee. He has significant Financial Services and Customer Service experience gained across a range of roles and sectors in both senior Executive and Non-Executive roles. In addition to his role at StepChange, he is also a Senior Pension Trustee on the Centrica Engineers Pension Scheme. He also holds a number of trustee positions with the youth charity YMCA, and is on the boards of National YMCA E&W, and St Paul's Group.

Chris previously held a number of senior Executive and Non Executive positions within the Centrica Group. These include Chairman of British Gas Insurance and British Gas Finance Ltd (A regulated Consumer Credit provider) and NED of British Gas Services (a regulated Financial Service intermediary) and Finance Director roles within the Financial Services, Customer and Retail Services, and Automotive sectors.

Chris is a qualified accountant and a Lay Minister within the Church of England.

Lesley Titcomb CBE

Lesley joined the StepChange Board in 2019. She is the Board Champion for Consumer Duty and is a member of the Audit, Risk and Compliance Committee.

She is an independent non-executive director of National Bank of Kuwait International and of Pay.UK and has recently been appointed as Chair of the Market Harborough Building Society. She is also a Governor of the University of Hertfordshire. She was previously Chief Executive of The Pensions Regulator.

Lesley has worked in many different roles in financial services regulation since 1992 and before joining TPR was Chief Operating Officer of the FCA from 2010 to 2015. She is also a qualified Chartered Accountant.

Chris Wood

Chris joined the Board in 2021. He is a member of the Nomination and Remuneration Committee. He has significant Financial Services, Lending and Payments experience, and is a qualified chartered accountant.

For the last three years Chris has led the Worldpay SMB business in the UK, Ireland and for the direct channels in the US.

Prior to WorldPay he ran scale businesses and functions for Barclays and Barclaycard in the UK, Europe and North America, and he had extensive experience in both Executive and Non-Executive roles. Chris' career started as a consultant for Accenture with clients in Europe, North America and Australasia where he specialised in Financial Services and comms / hi-tech.



Executive

Vikki Brownridge – Chief Executive

Prior to Vikki's role of CEO which she took up in May 2023, she lead the charity's operational teams who provide debt advice and ongoing solution service provision for our clients across a number of sites and all jurisdictions in the UK.

She has worked at the charity since 2005 and has held several senior leadership positions including Head of Debt Advice where she was instrumental in the launch of the sectors first online debt advice service, and Director of Client Experience where she was responsible for the charity's strategic relationships and funding. Over the years Vikki has also played an active role in shaping and defining the sector working alongside the Money and Pensions Service and other debt advice charities.

Vikki is also a Trustee of Frank Parkinson Yorkshire Trust, a local Leeds based charity that provides Almhouses for residents over the age of 65.

Earlier in her career Vikki held leadership positions within outsourced providers and financial services organisations.



Gail Arkle – Chief Growth Officer

Gail joined the charity in 2019 as Head of Insight, Strategy and Business Development, and was promoted to the Executive Team in 2021 as Director of Client Experience. Following a restructure of the executive team in 2023, Gail assumed the role of Chief Growth Officer in January 2024.

In her role of Chief Growth Officer, Gail leads strategy, bid management, strategic partnerships, business development and innovation teams in delivering the growth aspirations of the charity. The work of the Charity Development directorate is key to securing sufficient funding for the long term to meet the growing demand for debt advice, and to define and fund the required evolution of our services and solutions to meet changing client needs and to deliver enhanced client outcomes.

With over 24 years' experience, including 17 years working in leadership roles in the third sector and public services outsourcing sector, she has successfully led Marketing and Business Development teams in the delivery of corporate and commercial growth strategies. Most notably, in leadership roles securing high value funding for the delivery of essential social and societal services.

Gail is a Fellow of the Chartered Institute of Marketing ('FCIM'), and in her spare time oversees the financial performance of ArkleBoyce Architects Ltd, ensuring the ongoing growth of the practice. She is an avid reader with a book never far from hand.

Richard Britten – Chief Finance Officer

Richard joined the charity in 2018 bringing strategic, commercial and financial leadership experience gained across several commercial organisations. This experience helps to ensure that StepChange can deliver on its charitable objectives whilst also being commercially focused and efficient in the provision of its services.

He is also responsible for the oversight of the charity's regulatory finance function ensuring that client money is handled and protected in accordance with the FCA's guidance.

Richard brings a wealth of experience gained in senior financial roles within regulated financial services at Mitchell Farrar Group and Provident Financial plc, as well as broad commercial finance roles gained internationally with Enterprise Oil plc. Richard is a Chartered Accountant having qualified at EY in London.

Sian Evans – Chief People Officer

Sian joined the charity in 2019 in the role of Director of HR and following a restructure of the executive team in 2023, assumed the role of Chief People Officer in January 2024.

Sian is responsible for setting the strategic direction for the effective leadership and management of people, culture, physical workplace, and engagement for the group. She has significant experience of leading the people agenda in a wide range of commercial sectors, having held the Group HR Director role at Callcredit Information Group (a credit reference agency, now part of Transunion) and Severfield Plc (a structural steel engineering and construction group).

Sian is a Chartered Fellow of the Chartered Institute of Personnel and Development ('CIPD'). She is passionate about helping people realise their full potential, creating inclusive working environments and making a social difference.

Sian volunteers as a Trustee for Northpoint Wellbeing, a charity commissioned by the NHS and Education Authorities to provide talking therapies to people with mental health difficulties where she also chairs the remuneration committee. She also volunteers her time as an Enterprise Adviser for North Yorkshire Education Authority where she supports young people to access work experience and careers guidance.

Richard Lane – Chief Client Officer

Richard joined the charity in 2018 as Director of External Affairs, and took up the role of Chief Client Officer in 2024. He leads the charity's External Affairs department, which covers our policy, campaigning, communications and digital functions, as well as the development of all of StepChange's products and services to meet evolving client need. He is passionate about putting the voice of our clients at the heart of everything we do and ensuring good client outcomes for those access StepChange's services.

Between 2020 - 2024 Richard also led StepChange's two operating subsidiaries – StepChange Financial Solutions and StepChange Voluntary Arrangements - that offer mortgage and equity release advice and products and insolvency solutions for those struggling with their finances.

Richard has worked across the charity sector in a number of roles, notably leading the communications and campaigns teams at the national disability charity, Scope, and working on campaigns and public affairs at the LGBT charity Stonewall.

Richard lives in London and is a keen cyclist, ParkRunner and, in his spare time, is a Trustee of the Sheila McKechnie Foundation.

Alex Pitcher – Chief Risk Officer

Alex joined the charity in 2023 as Chief Risk Officer and is responsible for ensuring that threats to achieving StepChange's strategy are well-managed and that we deliver good outcomes for all of the clients that we serve. He leads our risk management, governance, legal, data protection and regulatory compliance functions.

Prior to joining StepChange, Alex built his risk, compliance and audit experience in various roles at TransUnion, Yorkshire Building Society, PwC and NatWest. He is also chair of Trustees at C3 Life Church.

Charlotte Chambers – Chief Technology and Information Officer

Charlotte joined the charity in 2023 as Chief Digital Officer, accountable for all of Digital and Change Services across the group.

The work Digital and Change Services deliver is key to underpinning the longer term strategic outcomes of StepChange as well as the current services we supply to clients and creditors. Charlotte is accountable for delivering the Digital Strategy and longer term digital transformation for the group as well as the IT operations and support services.

Charlotte has over 25 years' experience working in Technology and change roles, working in multiple sectors, including 10+ years in the retail sector. Charlotte is passionate about supporting future talent through coaching and mentoring and led the Women in Technology programme at Asda.

Charlotte still lives in the North East with her family, and has recently volunteered to be a mentor for The Girls Network, whose mission is to inspire and empower girls from the least advantaged communities.



Charitable purposes and the public benefit

Trustees confirm that they have had regard to the Charity Commission's guidance on public benefit in reporting on the charity's objectives and achievements (on pages 8 to 9), in its planning activities, and when setting policies and priorities for the year ahead.

The Board reviews the charity's strategic aims and objectives each year to ensure they remain focused on its charitable purposes. The charitable purposes are also reviewed periodically alongside the external environment in which the charity works, to make sure that StepChange and its purposes stay relevant and valid.

These charitable purposes, according to definitions within the Charities Act 2011 and set out in the charity's Articles of Association are (i) the prevention or relief of poverty amongst persons who are in debt, and (ii) to advance the education of the public in general (and particularly amongst persons in debt or at risk of falling into debt) on the subject of financial budgeting, financial products and financial services.

Section 172(1) Statement

The Trustees, as company directors of StepChange, must act in accordance with a set of general duties as detailed in Section 172 of the Companies Act 2006, which includes a duty to promote the success of the company, and in doing so have regard to;

a. Consequences of any decision in the long term

Trustees developed StepChange's priorities (page 9 of this report) as part of a long-term strategy to eradicate problem debt in the UK. The needs of our clients and those of our other key stakeholders form the bedrock of our strategic plans. Trustees routinely review the external landscape, including the political environment, and seek and evaluate feedback from our various stakeholders, to ensure that our plans are adapted, as necessary, to meet changing circumstances. Trustees keep under review the charity's principal risks and opportunities, consider emerging risks and ensure that our plans are adapted in response as appropriate.

More information on our risks can be found on pages 18 to 19 of this report.

b. Charity's colleagues' interests

Our people are crucial to our success. Trustees consider and protect the interests of our colleagues to support StepChange's on-going success. Trustees and Executive Management ensure, through regular colleague engagement, that we maintain an understanding of their needs to inform our strategy and aims. Our decision-making processes consider the impact of potential decisions on our colleagues. For example, all colleagues whose roles can be performed from home were consulted to inform our hybrid working policy.

We regularly consult with our joint consultative committee that is formed from elected colleague representatives on key aspects of business planning. For example, we discussed our annual pay review proposals at an early stage with them before confirming our approach.

Our employee strategy reflects concerns raised by employees as well as feedback from all colleague meetings. In response to concerns raised by colleagues we added courses to support wellbeing, stress management and financial management to our e-learning platform, and our Employee Assistance Programme is available to all staff including access to free counselling sessions.

c. Fostering the charity's business relationships with clients, suppliers and others

Engagement with our clients is essential to ensure we understand and meet their needs. Executive Management regularly seeks and evaluates feedback from market research and client surveys. We are thus able to build a detailed picture of how StepChange's output is received by different client groups, including those traditionally under-represented, and to understand drivers for people getting into problem debt. We communicate, on a personalised and regular basis, with our clients in accordance with their communication preferences. We have developed strong relationships with certain key suppliers who support our stages technical infrastructure, to develop mutually beneficial relationships that support the technical advancement of our services. We ensure that our day-to-day business interactions with all suppliers are conducted in a professional, fair and respectful manner.

d. Impact of the charity's operations on the community and the environment

We recognise our responsibility to care for the environment and aim to minimise the environmental impact of all our activities. More information on how we care for the environment can be found on page 39 of this report. We are respectful of our local community and its needs. In 2023, our Environmental, Social and Governance (ESG) Strategy was defined and will be fully launched during 2024. The first year will be focused on engaging colleagues in the strategy and confirming a firm foundation for future development.

e. Maintaining a reputation for high standards of business conduct

Our reputation is fundamental to our future success. We have in place a range of policies that promote corporate responsibility and ethical behaviour. Areas covered include conflicts of interest, safeguarding, bullying and harassment, and whistleblowing. We use our organisational values in our recruitment and training for colleagues and our induction of new suppliers to ensure these are understood and maintained. Our procurement and ethical policies and procedures ensure that our values are also part of our selection of partners and suppliers.

f. Acting fairly between members of the charity

At StepChange our legal structure means our Trustees are the sole members of the Charity, which exists to fulfil its charitable purposes and not for the interests of members. Therefore, this element of the section 172 statement does not apply.

Streamlined Energy and Carbon Reporting ('SECR')

We report our carbon emissions following the Greenhouse Gas Protocol which incorporates the Scope 2 market-based emissions methodology. We report carbon dioxide emissions resulting from energy use in our buildings and colleague business travel.

For 2023, we collected the energy usage data for all our sites in the UK and the business travel data for the colleagues claiming business mileage using personal or charity leased vehicles to estimate the emissions driven by our operations. We have then uplifted these estimates by 5% to cover uncertainty in line with Intergovernmental Panel on Climate Change's Good Practice Guidance and Uncertainty Management in National Greenhouse Gas inventories and our own internal assessment of data coverage and quality.

2023 saw a further increase in travel by the colleagues compared to 2022.

We vacated the Halifax office and moved to a smaller office in Birmingham during 2023 which resulted in notable savings of electricity and gas usage per FTE.

UK Greenhouse gas emissions and energy use data for the period 1 January 2023 to 31 December 2023	**2023**	**2022**
Energy consumption used to calculate emissions (kWh)	1,371,164	1,739,423
Scope 1 emissions in metric tonnes CO2e	˅	˅
Vehicles on company lease	11.99	7.50
Scope 2 emissions in metric tonnes CO2e	˅	˅
Purchased electricity	104.99	185.97
Gas consumption	152.20	162.37
Total Scope 2	257.19	348.34
Scope 3 emissions in metric tonnes CO2e	˅	˅
Business travel in colleague owned vehicles	14.13	8.97
Total gross emissions in metric tonnes CO2e	**283.31**	**364.81**
Intensity ratio Tonnes CO2e per FTE	**0.25**	**0.31**

Reference and administrative details

Company name

Foundation for Credit Counselling is a company limited by guarantee. It trades under the brand name of StepChange Debt Charity.

Registered and Principal Office

123 Albion Street, Leeds LS2 8ER

Important numbers

Company number: 02757055 in England and Wales. Charity numbers: 1016630 in England and Wales, and SC046263 in Scotland). FCA number 729047.

Constitution

The governing document of the charity is its Memorandum and Articles of Association. The charitable objects for which the charity was established are:

- The prevention or relief of poverty amongst persons who are in debt;
- To advance the education of the public in general (and particularly amongst persons in debt or at risk of falling into debt) on the subject of financial budgeting, financial products and financial services.

Professional Advisors

Chartered accountants and statutory auditor

PKF Littlejohn LLP
15 Westferry Circus
London E14 4HD

Internal auditor

Grant Thornton UK LLP
No 1 Whitehall Riverside
Leeds LS1 4BN

Legal advisors

Wrigley's Solicitors LLP
17–21 Cookridge Street
Leeds LS2 3AG

External auditors

A resolution for the reappointment of PKF Littlejohn LLP as auditors for the charity was proposed at the 23 April 2024 Board meeting.



Statement of Trustees' responsibilities

The Trustees (who are also directors of Foundation of Credit Counselling for the purposes of company law) are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the Trustees to prepare financial statements for each financial year. Under that law the Trustees have prepared the financial statements in accordance with United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice). Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of the affairs of the charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable group for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Statement of Recommended Practice: Accounting and Reporting by Charities (2019);
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees are responsible for the maintenance and integrity of the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Provision of Information to Auditors

So far as each of the Trustees is aware at the time this report is approved:

(a) so far as the trustee is aware, there is no relevant audit information of which the company's auditors are unaware; and

(b) they have taken all the steps that they ought to have taken as a trustee in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

The Trustees' Report and Strategic Report were signed on behalf of the Trustees by:



John Griffith-Jones

Chair
April 23 2024

Independent Auditor's report

Opinion

We have audited the financial statements of the Foundation for Credit Counselling (the 'parent charitable company') and its subsidiaries (the 'group') for the year ended 31 December 2023 which comprise the Consolidated and Parent Charitable Company Statement of Financial Activities, the Group and Parent Charitable Company Balance Sheets, the Group Cash Flow Statements and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and parent charitable company's affairs as at 31 December 2023, and of the group's and parent charitable company's incoming resources and application of resources, including the group's and parent charitable company's income for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's or parent charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the trustees' annual report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the trustees' annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information

and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the trustees' report, which includes the strategic report and the directors' report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report included within the trustees' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the group and parent charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report included within the trustees' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 require us to report to you if, in our opinion:

- adequate and proper accounting records have not been kept by the parent charitable company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company's financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the group and parent charitable company financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the group and parent charitable company financial statements, the trustees are responsible for assessing the group's and parent charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the group or the parent charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with the Acts and relevant regulations made under or having effect thereunder.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the group and parent charitable company and the sector in which they operate to identify laws and regulations that could reasonably be expected to have a direct effect on the financial statements. We obtained our understanding in this regard through discussions with management, sector research, application of cumulative audit knowledge and experience of the sector.
- We determined the principal laws and regulations relevant to the group and parent charitable company in this regard to be those arising from Companies Act 2006, Charities Act 2011, Charities Accounts (Scotland) Regulations 2006, Financial Conduct Authority's ("FCA") regulations, Anti-Bribery and Corruption Legislation and UK Tax Legislation.
- We designed our audit procedures to ensure the audit team considered whether there were any indications of non-compliance by the group and parent charitable company with those laws and regulations. These procedures included, but were not limited to enquiries of management, review of minutes, review of legal and regulatory correspondence.
- We also identified the risks of material misstatement of the financial statements due to fraud. We considered, in addition to the non-rebuttable presumption of a risk of fraud arising from management override of controls, that there is potential for management bias in the timing and recognition of Fair Share income, income from grants, donations and timing of recognition of income from contracts. We addressed this through substantive sample testing of income back to source documents to ensure that income was recognised in accordance with the performance related conditions. We also independently inquired with management to confirm whether there are any disputes in relation to any income streams.
- We also identified potential for management bias in:
    - the judgements made around recoverability of debtors, which we addressed through examination of post year end cash received, review of correspondence with debtors and discussion of recoverability with management;
    - the depreciation rate and amortisation

rate applied to tangible and intangible fixed assets respectively, which we addressed by considering the useful economic life applied for the types of asset held, and re-performing the calculation to ensure it had been performed accurately in line with the stated method;

- the assessment of the calculation and recoverability of the Fair Share contributions accrued income; and
- the allocation of support costs across activities and income streams and considering whether assumptions are reasonable and appropriate.

- As in all of our audits, we addressed the risk of fraud arising from management override of controls by performing audit procedures which included, but were not limited to: the testing of journals; reviewing accounting estimates for evidence of bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities.This description forms part of our auditor's report.

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, and to the charitable company's trustees, as a body, in accordance with Regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the charitable company's members and trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company, the charitable company's members as a body and the charitable company's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Alastair Duke (Senior Statutory Auditor)
For and on behalf of PKF Littlejohn LLP
Statutory Auditor

23 April 2024

15 Westferry Circus
Canary Wharf
London E14 4HD

Consolidated statement of financial activities

Year ended 31 December 2023

	Note(s)	Restricted funds 2023 £'000	Unrestricted funds 2023 £'000	Total funds 2023 £'000	Total funds 2022 £'000
Income					
Donations	2	–	11,870	11,870	5,037
Charitable activities	3	3,249	36,134	39,383	52,823
Other trading activities	4	–	3,131	3,131	3,983
Investments	5	–	260	260	25
Other	6	–	87	87	134
Total income		**3,249**	**51,482**	**54,731**	**62,002**
Expenditure					
Raising funds: other trading activities	7	–	2,761	2,761	2,869
Charitable activities	8,9	4,149	52,555	56,704	57,066
Other		–	2	2	3
Total expenditure		**4,149**	**55,318**	**59,467**	**59,938**
Net income/ (expenditure) and net movement in funds for the year		**(900)**	**(3,836)**	**(4,736)**	**2,064**
Reconciliation of funds					
Total funds at 1 January 2023		1,800	17,739	19,539	17,475
Total funds at 31 December 2023	**21,22**	**900**	**13,903**	**14,803**	**19,539**

Charity statement of financial activities

Year ended 31 December 2023

	Note(s)	Restricted funds 2023 £'000	Unrestricted funds 2023 £'000	Total funds 2023 £'000	Total funds 2022 £'000
Income					
Donations	2	–	12,830	12,830	6,581
Charitable activities	3	3,249	36,134	39,383	52,823
Other trading activities	4	–	–	–	–
Investments	5	–	260	260	30
Other	6	–	87	87	134
Total income		**3,249**	**49,311**	**52,560**	**59,568**
Expenditure					
Raising funds: other trading activities	7	–	–	–	–
Charitable activities	8,9	4,149	52,555	56,704	57,066
Other		–	2	2	3
Total expenditure		**4,149**	**52,557**	**56,706**	**57,069**
Net income/ (expenditure) and net movement in funds for the year		**(900)**	**(3,246)**	**(4,146)**	**2,499**
Reconciliation of funds					
Total funds at 1 January 2023		1,800	16,638	18,438	15,939
Total funds at 31 December 2023	**21,22**	**900**	**13,392**	**14,292**	**18,438**

Balance sheets

31 December 2023

	Note(s)	Group 2023 £'000	Group 2022 £'000	Charity 2023 £'000	Charity 2022 £'000
Fixed assets					
Intangible assets	14	–	1,544	–	1,544
Tangible assets	15	1,387	1,924	1,387	1,924
Investments	16	–	–	5	5
		1,387	**3,468**	**1,392**	**3,473**
Current assets					
Debtors	17	8,696	10,618	8,703	10,257
Cash and cash equivalents	18	9,492	11,631	8,872	10,712
		18,188	**22,249**	**17,575**	**20,969**
Current liabilities					
Creditors: amounts falling due within one year	19	(3,941)	(5,070)	(3,844)	(4,896)
Net current assets		**14,247**	**17,179**	**13,731**	**16,073**
Creditors: amounts falling due after one year	25	(831)	(1,108)	(831)	(1,108)
Net assets		**14,803**	**19,539**	**14,292**	**18,438**
Total group funds					
Unrestricted funds	21	13,903	17,739	13,392	16,638
Restricted funds	22	900	1,800	900	1,800
		14,803	**19,539**	**14,292**	**18,438**

The financial statements on pages 46 to 70 were approved and authorised for issue by the Trustees on 23 April 2024 and were signed on their behalf by



John Griffith-Jones
Chair
23 April 2024

Company Registration No. 2757055 | Registered Charity No. 1016630

Cash flow statements

Year ended 31 December 2023

	Note(s)	Group 2023 £'000	Group 2022 £'000	Charity 2023 £'000	Charity 2022 £'000
Reconciliation of net income/(expenditure) to net cash flows from operating activities					
Net movement in funds		(4,736)	2,064	(4,146)	2,499
(Interest income)		(260)	(25)	(260)	(30)
Depreciation and amortisation charge		2,182	2,883	2,182	2,883
Profit/(loss) on disposal of fixed assets		–	76	–	76
(Increase)/decrease in debtors		1,921	(1,361)	1,554	(1,544)
Increase/(decrease) in creditors		(1,406)	1,049	(1,330)	1,007
Net cash generated from operating activities		**(2,299)**	**4,686**	**(2,000)**	**4,891**
Investing activities					
Purchase of tangible and intangible fixed assets	15	(100)	(200)	(100)	(200)
Interest received		260	25	260	30
Net cash provided used in investing activities		**160**	**(175)**	**160**	**(170)**
Net decrease in cash and cash equivalents		**(2,139)**	**4,511**	**(1,840)**	**4,721**
Cash and cash equivalents at 1 January		11,631	7,120	10,712	5,991
Total cash and cash equivalents at 31 December	**18**	**9,492**	**11,631**	**8,872**	**10,712**

Notes to the financial statements

Year ended 31 December 2023

1. Accounting Policies

The principal accounting policies are summarised below.

a) Basis of preparation

The financial statements have been prepared in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland, ("FRS 102"), the Charities Statement of Recommended Practice, Accounting and Reporting by Charities ("SORP") FRS 102, the Charities Accounts (Scotland) Regulations 2006 (as amended) and the requirements of the Companies Act 2006. The financial statements have been prepared under the historical cost convention. In line with the Charities Accounts (Scotland) Regulations 2006 (as amended), both the consolidated results and the results for the parent charity have been included within the accounts.

The accounts have been prepared on the going concern basis. The company has strong financial resources invested with minimal risk and no borrowings. The charity projects increased expenditure on its Transformation Programme which will be reflected in an annual deficit but with reserves remaining above the minimum levels in the reserves policy. There are no material uncertainties about the charity's ability to continue. The accounting policies have been redrafted to improve the users' understanding of the financial statements. The substance of the accounting policies have been applied consistently throughout the accounts and the prior year.

The Foundation for Credit Counselling meets the definition of a public benefit entity under FRS 102. The charity exists for the benefit of the public through the provision of services to members of the public suffering with problem debt.

b) Group accounts

The consolidated accounts incorporate the results of the Foundation for Credit Counselling Limited ('the charity') and its subsidiary undertakings on a line by line basis. The consolidated entity is also referred to as 'the group'. The list of all the subsidiary undertakings is shown in note 16.

c) Incoming resources

All income is included when the charity is entitled to the income, the amount can be quantified, and receipt of the funds is probable. The receipt of fair share contributions is deemed probable when an existing disbursement creditor has indicated they are prepared to pay the request for the fair share contribution. For new relationships, amounts are not recognised until such time as an adequate payment history has been established with the creditor. Recognition commences following the receipt of the first two monthly payment requests. Commission income from mortgage advisors and insolvency practitioners is recognised upon the receipt of the notification of creditor approval of arrangements. Investment income is recognised on an accruals basis, using daily rate calculations for funds on deposit and average balance calculations for funds held in current accounts.

Income from grants is recognised on a case-by case basis. For the Money and Pension Service, Scottish Legal Aid Board, Scottish Ministers and Welsh Ministers grant agreements, income is recognised on submission of a monthly or quarterly grant claim in accordance with the specific terms of each agreement. Funding is not received until the submission of grant claims.

In all cases, grant income is treated as restricted funds, as the provision of grant funding is for specific purposes as described at note 22. Donations are recognised when the charity becomes unconditionally entitled to the funds. Insolvency service income comprises nominee fee and supervisory fee income. Nominee fees are recognised on acceptance of the appointment following a meeting of creditors and typically for the first five months of the arrangement. Supervisory fees are recognised over the period of the arrangement resulting from ongoing payments by clients. Equity release service income is recognised on notification of the completion of an equity release or mortgage case from third party lenders.

d) Resources expended

All expenditure is accounted for on an accruals basis. Direct costs, including attributable salaries, are allocated on an actual basis to the key strategic areas of activity. Support costs are the costs of functions which support more than one of the charity's activities and have been allocated to those activities on the basis of employee numbers. Governance costs are the costs associated with the governance arrangements of the group. These costs include external and internal audit, legal advice for Trustees, management costs preparing for and attending trustee meetings and the costs associated with constitutional and statutory requirements. Transformation costs are incremental costs expended to develop and execute a business-wide programme of change.

e) Intangible fixed assets

The intangible asset represents the qualifying costs of developing the Pulse debt advice system. The intangible asset is stated at cost less amortisation. The amortisation is charged on a straight-line basis over the useful economic life of the system which has been estimated as being a period of 4 years. Amortisation commenced on 1 October 2019.

f) Tangible fixed assets

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided on all tangible fixed assets at rates calculated to write each asset down to its estimated residual value evenly over its expected useful life, as follows: Fixtures, fittings and equipment: 14% – 33.3% on a straight line basis.

g) Investments

Money market deposits, with maturity periods of more than three months, are current asset investments that are readily convertible into cash at, or close to, their carrying amount. Fixed asset investments are stated at cost in the company balance sheet.

h) Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less.

i) Financial instruments

The charity has financial assets and financial liabilities of a kind that qualify as basic financial instruments only. There are none which qualify as complex in nature. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

j) Leasing

Rentals payable under operating leases are charged to the Statement of Financial Activities on a straight-line basis over the lease term.

k) Taxation

The charitable members of the group are exempt from income and corporation taxes on income and gains to the extent that they are applied for their charitable objects. The trading subsidiaries do not generally pay UK corporation tax because their policy is to distribute taxable profits to the charity as Gift Aid. Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements. Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

l) Pensions

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the charity. The annual contributions payable are charged to the Statement of Financial Activities on an accruals basis.

m) Employee benefits

The costs of short-term employee benefits are recognised as a cost within the Statement of Financial Activities. The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received. Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

n) Funds

Unrestricted funds are donations and other incoming resources for the objects of the charity without further specified purposes and are available as general funds. Restricted funds are funds that can only be used for specific restricted purposes set out by the donor within the objects of the charity. The Landlord Contribution as per note 21 has been deducted from the unrestricted funds to report the reserves net of Landlord contribution.

o) Judgements and key sources of estimation uncertainty

In preparing the financial statements, the Trustees are required to make estimates and judgements. The matters below are considered to be the most important in understanding the judgements made and the uncertainties that could impact the amounts reported in the financial statements.

Intangible Impairment

The carrying value of intangible assets requires judgement as to whether there are any indications of impairment.

Bad debt provision

The provisioning for bad debt requires judgement as to whether to provide for fair share contributions unpaid 60 days after the invoice date.

Cost allocation

Support costs are allocated to charitable activities. Judgement is required in determining and applying the cost drivers appropriate for each support activity.

2. Donations

	Group unrestricted funds 2023 £'000	Group unrestricted funds 2022 £'000	Charity unrestricted funds 2023 £'000	Charity unrestricted funds 2022 £'000
Donations from the utility sector	4,526	2,083	4,526	2,083
Other donations	7,344	2,954	8,304	4,498
	11,870	**5,037**	**12,830**	**6,581**

Included within the charity's other donations is £959,075 (2022: £1,544,127) received from its subsidiary undertakings through Gift Aid Donations.

3. Income from charitable activities

	Restricted funds 2023 £'000	Unrestricted funds 2023 £'000	Total 2023 £'000	Total 2022 £'000
Group				
Debt advice and solutions	3,249	36,134	39,383	52,823
Charity				
Debt advice and solutions	**3,249**	**36,134**	**39,383**	**52,823**
Total income for 2022 was:				
Restricted				**14,420**
Unrestricted				**38,403**

4. Income from other trading activities

	Group unrestricted funds 2023 £'000	Group unrestricted funds 2022 £'000	Charity unrestricted funds 2023 £'000	Charity unrestricted funds 2022 £'000
Insolvency services	2,552	2,872	–	–
Equity release services	578	1,111	–	–
	3,131	**3,983**	**–**	**–**

5. Investment income

	Group unrestricted funds 2023 £'000	Group unrestricted funds 2022 £'000	Charity unrestricted funds 2023 £'000	Charity unrestricted funds 2022 £'000
Bank interest	260	25	260	25
Intercompany interest receivable	–	–	–	5
	260	**25**	**260**	**30**

6. Other income

	Group unrestricted funds 2023 £'000	Group unrestricted funds 2022 £'000	Charity unrestricted funds 2023 £'000	Charity unrestricted funds 2022 £'000
Commission income from mortgage advisors and insolvency practitioners	56	47	56	47
Other	31	87	31	87
	87	**134**	**87**	**134**

7. Expenditure on raising funds: other trading activities

	Group unrestricted funds 2023 £'000	Group unrestricted funds 2022 £'000	Charity unrestricted funds 2023 £'000	Charity unrestricted funds 2022 £'000
Insolvency services	1,874	1,913	–	–
Equity release services	887	956	–	–
	2,761	**2,869**	–	–

8. Expenditure on charitable activities

	Direct costs 2023 £'000	Support & governance costs 2023 £'000	Total 2023 £'000	Total 2022 £'000
Group unrestricted funds				
Debt advice	11,299	13,068	24,367	17,631
Client management	11,076	10,569	21,645	20,817
Promotion of charitable purpose	4,725	1,818	6,543	5,915
Total	**27,100**	**25,455**	**52,555**	**44,363**
Group restricted funds				
Debt advice	3,102	862	3,964	12,640
Client management	–	–	–	7
Promotion of charitable purpose	145	40	185	56
Total	**3,247**	**902**	**4,149**	**12,703**
Total expenditure on charitable activities	**30,347**	**26,357**	**56,704**	**57,066**
Charity unrestricted funds				
Debt advice	11,299	13,068	24,367	17,631
Client management	11,076	10,569	21,645	20,817
Promotion of charitable purpose	4,725	1,818	6,543	5,915
Total	**27,100**	**25,455**	**52,555**	**44,363**
Charity restricted funds				
Debt advice	3,102	862	3,964	12,640
Client management	–	–	–	7
Promotion of charitable purpose	145	40	185	56
Total	**3,247**	**902**	**4,149**	**12,703**
Total expenditure on charitable activities	**30,347**	**26,357**	**56,704**	**57,066**

Debt advice costs are defined as the costs incurred in providing debt advice to new clients.

Client management costs are defined as the costs incurred in the management of clients who are provided with debt solutions with the charity.

Promotion of charitable purposes costs are defined as the costs incurred in the promotion of our services to key stakeholders including creditors, funders, clients, public sector bodies and governments.

9. Analysis of support and governance costs on charitable activities

	Debt advice 2023 £'000	Client management 2023 £'000	Promotion of charitable purpose 2023 £'000	Total 2023 £'000	Total 2022 £'000
Unrestricted funds	˅	˅	˅	˅	˅
IT, digital & change	6,338	5,366	909	12,613	10,854
Corporate services	4,623	3,574	624	8,821	6,648
People services	1,882	1,459	255	3,596	3,683
Governance	225	170	30	425	378
Total	**13,068**	**10,569**	**1,818**	**25,455**	**21,563**
Restricted funds	˅	˅	˅	˅	˅
IT, digital & change	734	–	34	768	2,874
Corporate services	87	–	4	91	–
People services	41	–	2	43	1
Total	**862**	**–**	**40**	**902**	**2,875**
Total support and governance costs	**13,930**	**10,569**	**1,858**	**26,357**	**24,438**

The Support costs have been allocated to the charitable activities on the basis of employee numbers except for the amortisation of the Pulse system which has been allocated fully to debt advice costs. The functional area costs include directly attributable costs (e.g. staff costs, IT licensing costs, recruitment costs) and allocations of shared overhead costs (e.g. premises rentals) on the basis of employee numbers. Corporate Services costs comprise the costs of the Executive team, Finance, Risk and Compliance, plus the balance of central overheads which cannot be attributed to a single area. People Services costs comprise the Human Resources and Training teams. Governance costs comprise internal and external audit costs and the management cost of preparing for and attending Trustee board meetings.

10. Auditor's remuneration

	Total 2023 £'000	Total 2022 £'000
Fees payable to the charity's auditors	˅	˅
Audit of the financial statements (charity)	60	59
Audit of the financial statements (subsidiaries)	21	19
Other assurance services	35	34
Tax advisory services	4	13
	119	**125**

11. Operating Surplus

	£'000
The surplus for the year is stated after charging:	˅
Depreciation	638
Amortisation	1,544

12. Employees

	2023 No.	**2022** No.
i) Average number of persons employed by the group	˅	˅
Debt advice	473	499
Client management	359	54
Promotion of charitable purposes	63	232
Insolvency services	48	20
Equity release services	19	55
Support services	213	389
	1,175	**1,249**

The total average full time equivalent (FTE) numbers in 2023 were 1,115 (2022: 1,189).

	2023 £'000	**2022** £'000
ii) Staff costs	˅	˅
Wages and salaries	34,053	34,253
Social security costs	3,356	3,584
Pension costs	2,686	2,670
Other payroll related benefits	195	235
	40,290	**40,742**

The remuneration of key management personnel (members of the Executive team) was £1,286,763 (2022: £1,316,390). The total remuneration of the Chief Executive Officer was £194,549 in 2023 (£142,430 as CEO and £52,119 as Director of Operations) of which £164,150 (£120,150 as CEO and £44,000 as Director of Operations) comprises basic salary (2022: total remuneration £213,364 and basic salary £194,826). Employer pension contributions of £20,887 (£15,167 as CEO and £5,720 as Director of Operations) were made for the CEO (payment in lieu of pension for previous CEO in 2022: £12,664).

The remuneration of higher-paid staff, excluding pension contributions, fell within the following ranges:

	2023 No.	2022 No.
£60,001 – £70,000	20	15
£70,001 – £80,000	3	7
£80,001 – £90,000	7	7
£90,001 – £100,000	5	1
£100,001 – £110,000	2	2
£110,001 – £120,000	1	1
£120,001 – £130,000	4	3
£130,001 – £140,000	—	1
£160,001 – £170,000	1	—
£210,001 – £220,000	—	1
Total	**43**	**38**

Contributions were made to defined contribution schemes for a total of 41 (2022: 36) of higher-paid employees.

13. Trustees

Prior to the current Chair's appointment, a written order was approved by the Charity Commission for a "regulated alteration" to the Articles of Association to permit remuneration to the Chair of the Board and a special resolution to amend the Articles was passed in April 2019.

In line with this approval, the Chair of the Board of Trustees, John Griffith-Jones received remuneration of £12,000 in the year. No additional benefits or pension contributions were paid.

None of the remaining Trustees (or any persons connected with them) received any remuneration during the year. Three of the Trustees were reimbursed for out of pocket expenses incurred in attending Trustee meetings totalling £1,075 (2022: Two Trustee reimbursed for expenses totalling £839)

Indemnity insurance is taken out to provide liability cover to protect any charity Trustee, employee or officer from claims arising against them as a result of an actual or alleged 'wrongful act' when performing the scope of their regular duties. The cost of providing this insurance is £18,675 (2022: £19,530).

14. Intangible assets

	Group £'000	Charity £'000
Cost	⌄	⌄
At 1 January 2023	8,236	8,236
Additions	-	-
At 31 December 2023	**8,236**	**8,236**
Accumulated Amortisation	⌄	⌄
At 1 January 2022	6,692	6,692
Charge for the year	1,544	1,544
At 31 December 2022	**8,236**	**8,236**
Net book value	⌄	⌄
At 31 December 2023	**-**	**-**
At 31 December 2022	**1,544**	**1,544**

All intangible assets relate to internal software development.

15. Tangible assets

	2023		2022	
	Group £'000	**Charity** £'000	**Group** £'000	**Charity** £'000
Cost				
At 1 January 2023	3,720	3,720	10,276	9,851
Additions	100	100	200	200
Disposals	–	–	(6,756)	(6,331)
At 31 December 2023	**3,820**	**3,820**	**3,720**	**3,720**
Accumulated Depreciation				
At 1 January 2023	1,796	1,796	7,652	7,227
Charge for the year	637	637	826	826
Disposals	–	–	(6,682)	(6,257)
At 31 December 2023	**2,433**	**2,433**	**1,796**	**1,796**
Net book value				
At 31 December 2023	**1,387**	**1,387**	**1,924**	**1,924**
At 31 December 2022	**1,924**	**1,924**	**2,624**	**2,624**

All tangible assets are fixtures, fittings and equipment and computers.
The assets with zero net book value were written off in 2022.

16. Investments

Charity	2023 £	2022 £
Subsidiary undertakings	**5,001**	**5,001**

Subsidiary undertakings as at 31 December	Company number	Activities	2023 £	2022 £
Consumer Credit Counselling Service (Voluntary Arrangements) Ltd	05659160	Insolvency services	1	1
Consumer Credit Counselling Service (Equity Release) Ltd	06741879	Advice for Equity Release and Mortgages	5,000	5,000
Debt Remedy Ltd	07869502	Dormant	—	—
StepChange Equity Release Ltd	08056301	Dormant	—	—
StepChange Financial Solutions Ltd	08561006	Dormant	—	—
StepChange Voluntary Arrangements Ltd	08056168	Dormant	—	—
			5,001	**5,001**

The registered office for all group companies is 123 Albion Street, Leeds, LS2 8ER.

Foundation for Credit Counselling held a 100% interest in all of the subsidiary undertakings. A summary of the results and balance sheet of the subsidiaries are given below:

	2023 £'000	**2022** £'000
Consumer Credit Counselling Service Voluntary Arrangements Limited	˅	˅
Turnover	2,552	2,872
Cost of sales	(1,168)	(1,278)
Gross profit	1,384	1,594
Administrative expenses	(706)	(635)
Profit for the financial year	**678**	**959**
Assets	1,062	1,243
Liabilities	(384)	(284)
Shareholders' funds	**678**	**959**

Consumer Credit Counselling Service (Equity Release) Limited	˅	˅
Turnover	578	1,111
Cost of sales	(865)	(956)
Operating profit	(287)	155
Interest payable	–	(5)
Profit for the financial year	**(287)**	**150**
Assets	401	646
Liabilities	(564)	(500)
Shareholders' funds	**(163)**	**146**

17. Debtors

	Group 2023 £'000	Group 2022 £'000	Charity 2023 £'000	Charity 2022 £'000
Due within one year	˅	˅	˅	˅
Trade debtors	4,502	5,471	3,702	4,526
Prepayments and accrued income	3,466	5,090	3,423	5,065
Other debtors	729	57	728	56
Amounts owed by group undertakings	–	–	650	410
	8,696	**10,618**	**8,503**	**10,057**
Due after more than one year	˅	˅	˅	˅
Amounts owed by group undertaking	**–**	**–**	**200**	**200**
Total	**8,696**	**10,618**	**8,703**	**10,257**

The amount owed by a group undertaking after more than one year is a loan of £200,000 (2022: £200,000) made to Consumer Credit Counselling Service (Equity Release), a trading subsidiary of Foundation for Credit Counselling. No interest was charged for 2023 to support CCCS ER during a loss making year. The loan is repayable on any date agreed in writing between the parties or within 30 days of receipt of a written request from the Lender (which the Lender agrees it will only serve on the Borrower if, in the reasonable opinion of the Lender, the Borrower has financial resources available to it to repay the Loan at that time). The Trustees do not currently envisage either event to crystallise within 12 months of the balance sheet date.

18. Cash and cash equivalents

	Group 2023 £'000	Group 2022 £'000	Charity 2023 £'000	Charity 2022 £'000
Cash and cash equivalents	˅	˅	˅	˅
Cash balances	9,492	11,631	8,872	10,712
Bank deposits	–	–	–	–
Total cash and cash equivalents	**9,492**	**11,631**	**8,872**	**10,712**

19. Creditors: amounts falling due within one year

	Group 2023 £'000	Group 2022 £'000	Charity 2023 £'000	Charity 2022 £'000
Creditors: amounts falling due within one year	˅	˅	˅	˅
Trade creditors	1,328	1,343	1,286	1,307
Other taxes and social security costs	903	936	918	918
Accruals and other creditors	1,710	2,791	1,640	2,671
	3,941	**5,070**	**3,844**	**4,896**

20. Operating lease commitments

	Land and buildings 2023 £'000	Other 2023 £'000	Total 2023 £'000	Total 2022 £'000
The charity is committed to minimum lease payments under non-cancellable operating leases expiring:	˅	˅	˅	˅
Within one year	1,708	39	1,747	1,615
Between one and five years	3,892	2	3,894	5,034
After five years	–	–	–	–
	5,600	**41**	**5,641**	**6,649**

Net expenditure for the year before taxation is stated after charging	˅	˅	˅	˅
Operating lease charges	**1,629**	**117**	**1,747**	**1,780**

21. Movements in unrestricted funds

	At 1 Jan 2023 £'000	Incoming resources £'000	Outgoing resources £'000	At 31 Dec 2023 £'000
Group				
Unrestricted reserves	17,739	51,482	(55,318)	13,903
Landlord contribution	1,386	(277)	-	1,109
Reserves including landlord contribution	**19,125**	**51,205**	**(55,318)**	**15,012**
Charity				
Unrestricted reserves	16,638	49,311	(52,557)	13,392
Landlord contribution	1,386	(277)	-	1,109
Reserves including landlord contribution	**18,024**	**49,034**	**(52,557)**	**14,501**

Previous Year	At 1 Jan 2022 £'000	Incoming resources £'000	Outgoing resources £'000	At 31 Dec 2022 £'000
Group				
Unrestricted reserves	17,392	47,582	(47,235)	17,739
Landlord Contribution	1,663	(277)	-	1,386
Reserves including landlord contribution	**19,055**	**47,305**	**(47,235)**	**19,125**
Charity				
Unrestricted reserves	15,856	45,148	(44,365)	16,638
Landlord Contribution	1,663	(277)	-	1,386
Reserves including landlord contribution	**17,519**	**44,871**	**(44,365)**	**18,024**

22. Movements in restricted funds

	At 1 Jan 2023 £'000	Incoming resources £'000	Outgoing resources £'000	At 31 Dec 2023 £'000
Group and charity				
MaPS	–	1,931	(1,931)	–
Scottish Ministers	–	1,308	(1,308)	–
Welsh Ministers	–	10	(10)	–
Natwest	1,800	–	(900)	900
Gambling Commission – Betway	–	–	–	–
	1,800	**3,249**	**(4,149)**	**900**

Previous Year	At 1 Jan 2022 £'000	Incoming resources £'000	Outgoing resources £'000	At 31 Dec 2022 £'000
Group and charity				
MaPS	–	11,169	(11,169)	–
Scottish Ministers	27	1,135	(1,162)	–
Welsh Ministers	–	116	(116)	–
Natwest	–	2,000	(200)	1,800
Gambling Commission – Betway	56	–	(56)	–
	83	**14,420**	**(12,703)**	**1,800**

MaPS grant

FCC continued to receive grant funding from the Money and Pension Service (MaPS) to support advice provided by both telephone and digital channels for the period up to 31st Jan 2023. Following the impact of the COVID-19 pandemic, additional grant funds were made available to mitigate core income stream reductions and protect advice capacity.

Scottish ministers

FCC received funding under two agreements from the Scottish Ministers. Firstly, for the provision of a telephone debt advice service to indebted individuals for a 1 year period from the 1st April 2019 and subsequently the provision of a specialist debt service with a particular focus on vulnerable clients for the period from 30th May 2019 to 31st March 2020. Both of these agreements were renewed up to 31st March 2023 and an additional agreement was also entered into to increase the support for vulnerable clients as well as building on knowledge and providing training to colleagues on certain key areas.

Welsh ministers

FCC received funding for the provision of a telephone debt advice to indebted individuals for a 1 year period from the 1st April 2019 from the Welsh ministers. This agreement was renewed up to 31st March 2023.

Natwest grant

StepChange received a £2m grant from Natwest to provide a national debt advice service for Natwest's business customers. This is a two-year pilot, in which StepChange will provide debt advice and share customer outcomes data.

Gambling Commission – Betway

StepChange received funding from Betway and the Gambling Commission to provide a research project into the effects of gambling of peoples financial health.

The project was in partnership with Bristol University and completed in 2022.

The summary of the assets and liabilities for the total restricted funds, disclosed by contract and the total unrestricted funds at 31 December 2023 is shown below. Values are NIL except where shown.

Net Assets by Funds	**Natwest** £'000	**Total restricted** £'000	**Total unrestricted** £'000	**Total funds** £'000
Fixed Assets				
Intangible assets	–	–	–	–
Tangible assets	–	–	1,387	1,387
	–	**–**	**1,387**	**1,387**
Current Assets				
Debtors	–	–	8,696	8,696
Cash at bank and in hand	900	900	8,592	9,492
	900	**900**	**17,288**	**18,188**
Creditors: Amounts falling due within one year	–	–	(3,941)	(3,941)
Net Current Assets	**900**	**900**	**13,347**	**14,247**
Creditors: amounts falling due after one year	–	–	(831)	(831)
Net Assets	**900**	**900**	**13,903**	**14,803**

23. Related party disclosures

On a consolidated basis, there were no (2022: none) transactions undertaken with related parties during the year. The charity provided a loan of £200,000 (2022: £200,000) to Consumer Credit Counselling Service (Equity Release). The details are disclosed within note 17. One of StepChange's Trustees, Nick Caplin, is also a Director at Vitality Health Limited. A total amount of £36,000 was paid to Vitality Health Limited by StepChange in the year 2023 for employee health services (2022: £38,880). There were no other related party transactions in either year.

24. Pension costs

The charity operates defined contribution pension schemes. The assets of the schemes are held separately from those of the company, being invested with insurance companies as per the employee's instructions. The pension cost charge represents contributions payable by the charity to the pension funds and amounted to £2,686,098 (2022: £2,670,490). At the year end the pension creditor amounted to £0 (2022: £283,682).

25. Creditors: amounts falling due after more than one year

	Group 2023 £'000	**Group 2022** £'000	**Charity 2023** £'000	**Charity 2022** £'000
Creditors: amounts falling due after one year	˅	˅	˅	˅
Accruals and other creditors	831	1,108	831	1,108
	831	**1,108**	**831**	**1,108**


We're often asked if there's any way to get debts written off. There are several debt solutions that allow people to write off a range of debts.
It can also depend on the approach you take to dealing with your debts. It's important to get free and impartial advice to help you with your debts before going ahead with any debt solution. This will help you to understand what options are best suited to your circumstances and how your situation will be

Thank you to our supporters

Each of these organisations supported us financially in 2023, and many worked with us on policy to improve the debt landscape. We'd like to express our gratitude for their support, without which our work would not be possible.



Aberdein Considine & Co
Acument Mortgages
Affinity Water
Amber Energy
American Express
Anglian Water
Arrow Global
Barclays
Bristol and Wessex Water
British Gas
Cabot Credit Management
Capital One
Capital Resolve
CARS
Clarion Housing
ClearScore
Compare the Market
Computershare
The Co-operative Bank
C&R Software
Creation Financial Services
Credit Style
Credit Suisse, the UBS group
Damart
E.ON Next
Elderbridge
Essex and Suffolk Water
Experian
Freeman Grattan Holdings
Go Debt
Green Energy
H&T Pawnbrokers
Home Retail Group
Hoopers Department Store
HSBC Bank
Ikano Bank
Intrum
JAJA Finance
Key Retirement Solutions
Klarna
Lantern
Leeds Building Society
Link Financial
Lloyds Banking Group
Loop Customer Management
Lowell Financial
Marston Group
Mazars
McCambridge Duffy
Money and Pensions Service
Moneybarn
Moneyline
Monzo Bank
Moondance Foundation
Moorcroft Debt Recovery
Morses Club
N Brown
Nationwide
NatWest
NewDay
Northumbrian Water
Novuna
OVO Energy
Paragon
Pega
PRA Group
Provide Community
Redcats
Royal Bank of Scotland
RSA Insurance Group
Sainsburys
Sainsburys Bank
Santander
Scottish Government
Scottish Power
Secure Trust Bank
Sesame Services
Shell Energy
Snap Finance
Specialist Motor Finance
SteadyPay Limited
StepChange Financial Solutions
StepChange Voluntary Arrangements
TBI Financial Services
Tech Mahindra
Tesco Bank
Thames Valley Housing
The Blyth Watson Charitable Trust
The Investment Association
The Very Group
Thesis
TSB
Ulster Bank
United Utilities
Utilita Energy
Vanquis
Virgin Money
Welsh Government
Welsh Water
Wescot
West Cumbria Community Money Advice
X-Lab
Yorkshire Bank
Zenith



StepChange Debt Charity

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Charity no. 1016630 and SC046263. Authorised and regulated by the Financial Conduct Authority.

FOUNDATION FOR CREDIT COUNSELLING

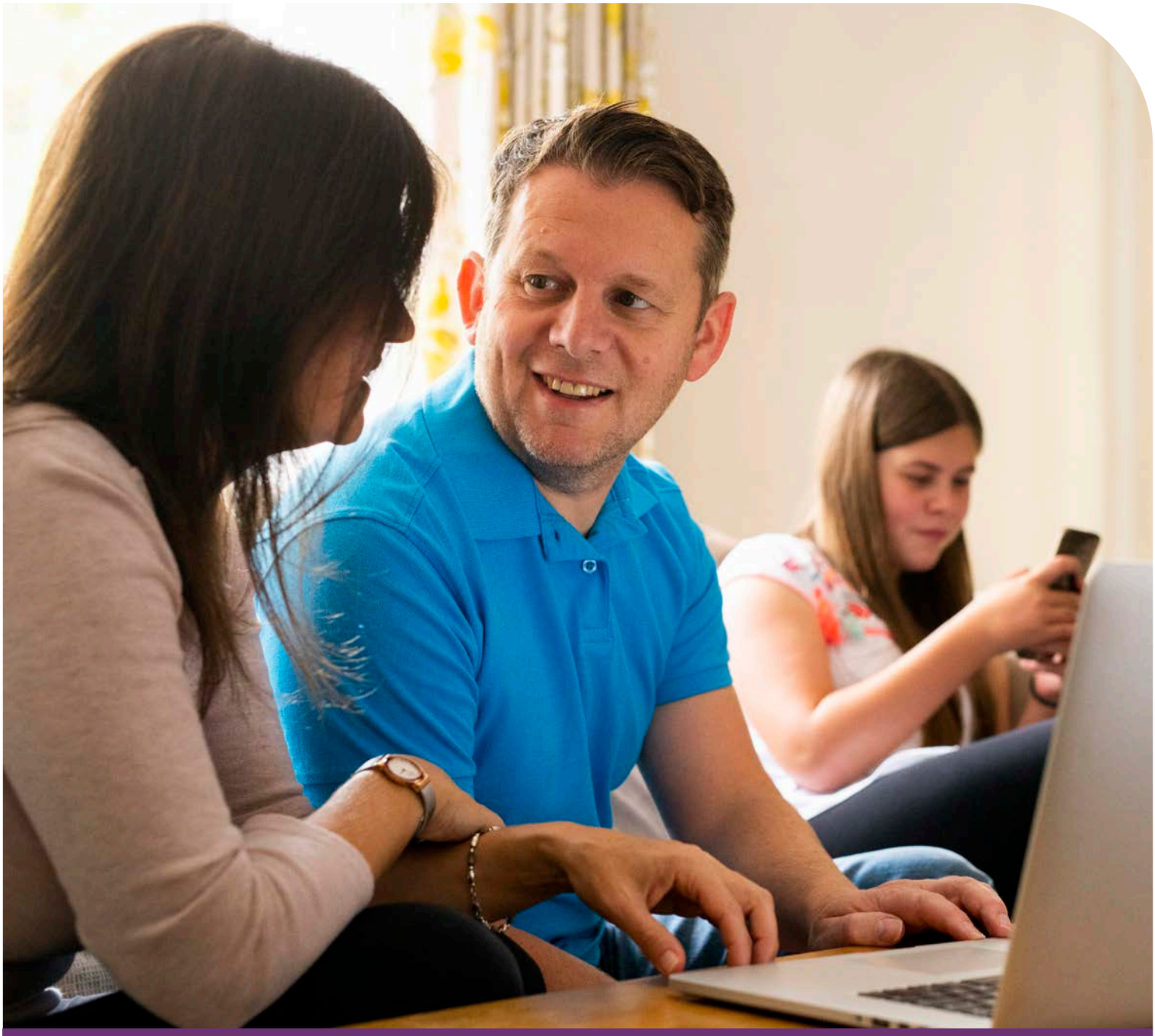
England & Wales - Charity number 1016630

Accounts

StepChange Debt Charity

Working together for clients

Annual Report and Accounts 2022



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Thank you to our supporters 66



Chair's statement



In January this year StepChange celebrated its 30th birthday. At a very special event to mark the occasion, I noted that, despite its best endeavours, StepChange had not yet fulfilled its mission of eliminating problem debt.

Not for lack of trying I hastened to add, and speculated that we may have to be around for at least another thirty years to keep helping people whose lives are in danger of being wrecked by excessive debts.

Last year started with a degree of optimism as lock downs were lifted, swiftly to be replaced by concerns over the war in Ukraine, the consequential spike in energy prices and the emergence of the cost of living crisis. Crisis is perhaps a word overused these days to attract media attention, and it is true that for many people a modest cut in their standard of living is more a cause for worrying and some belt tightening rather than anything more dramatic.

But not so for the people that StepChange helps, for them the crisis is very real. Both existing clients on a repayment plan that is no longer affordable and new clients who have been tipped over the edge by the inflationary spike need our help as much if not more so than ever before. We are a major "A & E" hub of the nation's problem debt support system, and proud to be so.

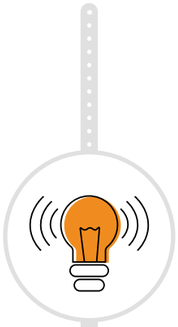
The rest of this report, and its sister publication our Impact Report, sets out in more detail what we achieved last year. We reached a total of 2.8 million people in one way or another, provided 167,351 with full debt advice and a proposed solution. We had 177,539 clients on active solutions at the end of 2022. I am enormously grateful to our people for making it all possible and especially admire the skills it takes to be a good adviser.

The Money and Pension Service have decided not to support us financially going forward, which inevitably will present us with some capacity challenges as demand for our service rises in response to the economic environment. So I am doubly indebted to our private sector funders for their stalwart support last year and, I very much hope, in the future. We have bold plans to further improve our processes, which together with our previous investment in our online capability should make possible our ambition of looking after more people in 2023 and beyond.

Finally, a special word of thanks to Phil Andrew, our Chief Executive for the last five years who is due to leave us shortly. He has done a terrific job, not least steering us through the coronavirus pandemic and we wish him well for the future. I am also delighted to welcome Vikki Brownridge as his successor.



John Griffith-Jones
Chair



CEO's statement



I can't remember the last time a StepChange Annual Report was not prefaced in some way by noting what an unusual, unsettling and unexpected year we've had.

And 2022 was no different. It was quite the rollercoaster, and in many ways, a momentous year.

As we emerged from the restrictions of the pandemic many people were looking forward to a return to some sort of normality. However, we were soon hit with a cost of living crisis, putting additional pressure on recovering household finances.

The price of food and other every day essentials increased at alarming rates, and the price of our energy bills soared to unprecedented levels. From a price cap of some £900 in March of 2021, many households began facing bills of thousands and thousands of pounds – even after costly government interventions.

It is against this backdrop that StepChange worked tirelessly to support those struggling with their finances and trying to balance problem debt.

While demand didn't return to pre-pandemic levels, we were able to provide 167,351 clients with full debt advice, an increase in comparison to 2021. In addition, we were able to help 44,716 clients access a debt solution, a 16% increase on 2021, and we saw 25,516 clients become free from problem debt, also an increase in comparison to the previous year.

Many told us how they had been just about managing – struggling by every month – but that price rises had made their situation unsustainable.

Perhaps unsurprisingly, the cost of living crisis was cited as the number one reason – rising to 22% of our clients completing first time debt advice – for falling into problem debt. For the first time in the charity's history the top referrers – those organisations who signpost their clients to us – were utility providers.

We know that the complexity and difficulty of our clients' financial problems has only increased, making our amazing advisors' jobs all the more challenging. And of course, we know that they are not immune themselves from the financial pressures being felt by millions of people across the UK.

This makes the achievements set out in this Annual Report all the more impressive. Every single day, the dedication and commitment of our colleagues never fails to astound me. They constantly go the extra mile to support our clients and to provide that little bit of extra help.

I've no doubt that 2023 will be equally, if not more challenging, as we evolve our processes and controls to suit changing client needs and consumer duty obligations. Changes to the way the sector is funded will bring their own demands, requiring us to shift our funding model by pivoting our strategy and services to support the clients we are funded for.

In addition, the ongoing cost of living crisis will also continue to have a significant impact on a broader range of people across the UK. We will need to step up to ensure that we can support as many people as possible.

We'll need to be more creative and efficient than ever to ensure we can help those who need us. But I know every single one of our colleagues is up to the challenge.

So thank you to them. And thank you to every partner, funder and supporter who worked with us to make 2022 possible.

I will be leaving StepChange and my role of Chief Executive in Spring 2023. It has been the privilege of my life to lead this remarkable organisation and such a group of talented and dedicated colleagues. I am delighted that Vikki Brownridge has been appointed as my replacement and I have no doubt she will do a fantastic job at a time when StepChange is needed more than ever. I will be wishing her well and cheering you all on in your vital mission.



Phil Andrew
Chief Executive Officer

Impact Report

£144
cost per client helped

New measure for 2.

-4.8%
2.8 million
clients reached in total

The number of people who have used our website to obtain help with their debts or called our helpline for information or support with their money or problem debt.

-7.4%
311,870
clients guided

The number of people who've used a StepChange money guidance or advice tool to support them with budgeting, income or to identify what support they'll need with problem debt.

+6%
167,351
clients advised

The number of people who have completed full debt advice or received emergency advice or support.

+15.7%
44,716
clients supported

The number of clients starting a solution managed by StepChange.

-7.6%
£371m
of debt was repaid by clients

+4.3%
25,516
clients became problem debt free with our support

Our strategic objectives

We took some good steps forward in 2022 to achieve the strategic objectives set out in our strategy Stepping Forward In A Changing World.

Against our objectives, we:

Objective 1: Our clients and their needs at the heart of everything we do

- Provided full debt advice to an increased number of clients and saw a significant uplift in the number of clients free from problem debt
- Developed deeper insight into the experiences of consumers and clients to shape our services

Objective 2: Empowering our people and developing their skills

- Developed bespoke leadership training rolled out across all levels of management within the charity
- Launched our new Equality, Diversity and Inclusion strategy

Objective 3: Adapting to a new funding world

- Responded to the outcome of the Money and Pensions Service commissioning process by working closely with our partners and securing donations
- Delivered ongoing and increasing efficiencies in our client facing operations

Objective 4: Working with our partners

- Continued to expand our partnerships across a range of sectors
- Launched three new service pilots with our partners

Objective 5: Campaigning to stop people falling into problem debt

- Continued to campaign for targeted support for lower income households during the cost of living crisis, and to address challenges in the IVA and credit markets
- Launched 15 major reports and consultation responses



For a full account of our achievements in 2022 read our full Impact Report

Trustees' report



Our priorities for 2023-24

The last few years has been tumultuous for us all. The global pandemic led to widespread disruptions and severe impacts on public health, as well as family finances. As we emerged from lockdowns and restrictions, what many hoped would be a return to normal instead became a once in a generation cost of living crisis, exacerbated by war in Europe.

StepChange is not immune from these unique pressures. Those factors, combined with the loss of funding for general debt advice and the provision of Debt Relief Orders from the Money and Pension Service, has had a material impact on our future plans and ways of working.

Thankfully, StepChange remains in a strong position to help, and to support more people who need our help and to weather any storms in a period of economic uncertainty.

In this section we outline some of the key activities we'll be undertaking in the next 12 months and beyond. This is with the aim to maintain our financial health and stability.

Helping clients

We'll retain our focus on delivering excellent debt advice and outcomes for our clients at a time of increasing demand. Through increasing efficiency we aim to be able to help more people through full debt advice – with a target to help 173,000 through full debt advice in 2023. We will also continue our focus on better understanding client need and expectations throughout the advice journey. In addition, through greater use of client panels and insights, we will continue improving the debt advice journey.

Consumer Duty

2023 will see the implementation of the new Financial Conduct Authority ("FCA") Consumer Duty. The new regulations put a strong responsibility on all financial services to ensure they are effectively considering client outcomes across all products and services they offer. StepChange warmly welcomes the introduction of the Consumer Duty as a significant step towards effectively protecting vulnerable customers. We are working hard to ensure that new Consumer Duty expectations are incorporated in all of our work. This includes undertaking significant work to review our processes and communications to ensure they effectively support all clients.

Back Office Optimisation

A vital part of our investment and drive to be more efficient in 2023 will be overhauling our 'back office' legacy systems. These systems, which enable us to set up debt solutions and maintain clients on plans, will be replaced with new technology and tools, meaning we can work far more seamlessly and efficiently. This will help the charity, our clients and our partners. We aim to be delivering benefits from this investment within 2023 and to an even greater extent in 2024.

Financial stability

A key focus for StepChange in 2023 will be ensuring we maintain strong finances and as well as drive for further efficiencies. We are committed to maintaining our financial strength throughout 2023 whilst also investing in new technology to help clients more efficiently. This will allow us to maintain sufficient funds to provide stability and security during a period of acute economic uncertainty.

Efficiencies

As part of our ongoing drive to be the most efficient and effective provider of debt advice in the country, we need to be clearer about which clients we are best placed to help. In addition, we need to be clear about how we work with other partner in the sector to ensure those in financial difficulties can access holistic support. In 2023 we will be making changes to our client journey which will make it clear that we will focus help on clients with one or more unsecured debt to go through full debt advice. Wider support and guidance will still remain available to all, but we recognise where our expertise can best support client needs. We will work with key partners across the sector, like Citizens Advice and the Money Advice Trust, to ensure seamless referral routes for some of our clients who need support with issues like energy arrears.

A future funding model fit for purpose

For many years the debt advice sector has talked about the need for a comprehensive review of its funding model. Starting with the Wyman Review in 2018 and even further back, we and others across the industry have recognised that how the sector is funded does not enable us to invest in new technology to support clients. In addition, it does not fund support for some clients in financial difficulty. This includes those with negative budgets or those who need more holistic support and advocacy. In 2023 we want to lead the sector conversation on what an effective, efficient and deliverable funding model can look like that supports all of those struggling with their finances to access the help they need.

Support our colleagues

Providing debt advice is a rewarding but challenging role. All of our colleagues, from those working on the frontline to those supporting in enabling functions, work tirelessly every single day to do their best for our clients. As an employer we will continue to support colleagues to develop and have successful careers at StepChange. We recognise the additional pressures that all colleagues are feeling not just from supporting our clients, but from worrying about the impact of cost of living crisis on their own family finances. We will continue to invest in our colleagues pay and reward package, as well as ensuring access to training and development opportunities to colleagues at all levels.

Embed a new risk and compliance framework across the organisation

A key part of ensuring we are effectively delivering for clients is being able to properly manage any risks that the charity faces. This year we will finalise the embedding of a new Risk Framework that will enable colleagues to better understand - and manage - the challenges we face, and to more effectively put in place mitigations to ensure we are always delivering our best for clients.

Structure, governance and management

Structure and management

Foundation for Credit Counselling ("the charity"), which trades under the name StepChange Debt Charity, is a company limited by guarantee and is registered as a charity (no. 1016630 in England and Wales, and SC046263 in Scotland and 20104887 in Ireland).

The charity is authorised and regulated by the Financial Conduct Authority (FCA no 729047) to provide debt adjusting and debt counselling services. It is permitted to hold client money as a not-for-profit firm and holds limited permission under the FCA Handbook within its flexible firm portfolio.

Consumer Credit Counselling Service (Equity Release) Ltd is separately authorised and regulated by the Financial Conduct Authority (FCA no 517674) to advise and arrange home reversion plans and mortgage contracts.

Both the charity and Consumer Credit Counselling Service (Equity Release) Ltd fall under the FCA's Senior Managers & Certification Regime for solo-regulated consumer credit firms, as 'limited' and 'core' firms respectively. Appropriate arrangements are in place to ensure both entities comply with the requirements of the regime.

Consumer Credit Counselling Service (Voluntary Arrangements) Ltd employ Insolvency Practitioners that are licensed and authorised by the Insolvency Practitioners Association ("IPA").

Board of Trustees

The charity is governed by a Board of Trustees ("the Board") and currently consists of eight trustees. In 2022, there were three resignations, and as part of the Board's succession planning, recruitment of up to four new trustees is scheduled for 2023.

For the purposes of company law, all trustees are treated as directors of the charity. Trustees have a duty to act in the best interest of the charity, and must not place themselves in a position where they have, or may have, direct or indirect interests that conflicts with their duties as a trustee. As such, the charity has a Trustee Conflict of Interest Policy in place, which sets out guidelines and procedures for identifying, monitoring and managing actual and potential conflicts of interest. A register of trustees' external interests is maintained, and reviewed annually by the Board, with interim updates presented at Board meetings whenever amendments or additions are made. There is a standing agenda item at each trustee meeting requiring those present to declare any conflicts of interests relating to matters to be discussed at the meeting. Trustees and members of the Executive team sign an annual declaration to review the accuracy of their register of interests.

The Board has a Schedule of Matters Reserved and is responsible for setting the group's strategic direction, overseeing governance and risk, setting budgets and ensuring that the charity achieves its objectives and complies with its legal and regulatory obligations. Some specific duties of the Board are delegated to the Audit and Risk Committee, and the Nomination and Remuneration Committee, with the day to day running of the charity managed by the Executive team.

The Board held five full meetings during 2022, as well as strategic planning days and a number of additional shorter meetings held on specific subject areas throughout the year.

On behalf of the Board, the Nomination and Remuneration Committee oversees arrangements for a Board Effectiveness review process, to periodically review the collective performance of the Board and its Committees. In 2022, an externally facilitated review exercise took place, with positive outcomes overall and with a number of helpful recommendations to further strengthen Board effectiveness. In addition, the Chair has annual discussions with individual trustees to review their performance and contribution to the Board; the performance of the Chair is reviewed annually by the Senior Independent Director.

Trustee induction

The induction of new trustees is facilitated by the Company Secretariat function. Trustees receive a comprehensive induction pack providing reference information covering the background of the charity, its structure and status, its method of operation, its finances and the environment in which it operates. Trustees have access to the charity's Board Portal which contains past Board and committee meeting packs, policies, and strategy documents. Governance information is provided via the Charity Governance Code and key Charity Commission guidance including "The Essential Trustee", and the NCVO's online training session on trustee roles and responsibilities. The trustee induction programme also involves meetings with managers across the different functions of the charity, as well as client call listening and other observation sessions with front line operations colleagues. Additional tailored induction sessions are arranged for individual trustees as required. For 2023, a new trustee mentoring system will be put in place for those joining the Board in their first trustee role.

Trustee term of duty

New trustees are initially elected for a term of three years, which may be extended for a further three years upon approval by the Board. A trustee may in exceptional circumstances be appointed for a third three-year term where the Board determines that it is in the best interest of the charity, and in line with agreed criteria for such an extended term.

Trustees, with the exception of the Chair of the Board, receive no remuneration for their services, but are entitled to receive reasonable expenses when costs are incurred as a result of carrying out their normal duties and responsibilities. Third-party indemnity provision is in place for the benefit of all trustees.

Committee structure

The Board has two specialist committees to assist it with its work – Audit and Risk, and Nomination and Remuneration – which have specific responsibilities as outlined below. The Board made changes to its committee structure with effect from November 2022, when the previously separate Nomination Committee and Remuneration Committee were merged in view of a number of areas of overlap in their roles and responsibilities.

Trustees may be invited to serve on one or more Board committees. Executive team members attend Board and committee meetings by invitation. Committee membership details are shown in the table on page 18. The Chair of each committee reports back to the Board at its next formal meeting and minutes of committee meetings are circulated to all trustees.

Audit and Risk Committee

The Audit and Risk Committee's purpose is to provide assurance to the Board that the group as a whole has an effective system of internal controls, risk management, and financial reporting, including oversight of internal and external audit processes. The areas covered within the Committee's terms of reference include: financial reporting; internal controls and risk management systems; financial crime, whistle blowing and anti-bribery; internal audit; and external audit. The Committee met six times in 2022.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee's purpose is to provide oversight of trustee and executive appointments, remuneration, and organisational culture arrangements. The areas covered within the Committee's terms of reference include: Board and Committee composition; selection processes for trustees and the executive; succession planning; Board, trustee and executive performance; the overall rewards and recognition framework; equality, diversity and inclusion; contractual arrangements for the executive team; and the review of remuneration trends and market analyses. During the year and prior to merger, the previously separate Nomination Committee met once and the Remuneration Committee met three times, with one further meeting of the merged Committee held in 2022.

Executive

The Executive team manages the charity's daily activities. Responsibilities are governed through formally minuted monthly meetings of the Executive Board and Change Board, and quarterly meetings of the Executive Risk and Conduct Committee.

The Executive Board provides focus on strategy and planning, day-to-day oversight and management of the operations of the charity, including financial and colleague performance management, service delivery and operational volumes. It develops business plans, policies, procedures and budgets for presentation to the Board of Trustees and has responsibility for implementation when Trustee Board approval is received and ensuring the effective delivery of the Charity's purpose, strategy and objectives.

The Change Board is responsible for establishing, maintaining and reviewing the charity's Strategic Change Roadmap. This includes considering and approving new projects / programme requests; directing the progress of the overall Change Portfolio; and leading and supporting the development of the Change Management Framework.

The Executive Risk and Conduct Committee provides oversight of the risk, compliance, audit and control framework for the Charity, and informs the Executive of material risks, breaches or operational failures to enable timely escalation to the Board and the Audit and Risk Committee. The areas covered within its terms of reference include risk management; compliance; information security and data protection; client money; financial crime; health and safety; and internal audit.

Charity Governance Code

The charity's governance framework aims to be in alignment with the principles of the 'Charity Governance Code for Larger Charities'. The Code's seven principles cover organisational purpose; leadership; integrity; decision making, risk and control; board effectiveness; equality, diversity and inclusion; and openness and transparency. The charity is committed to maintaining the highest standards of governance and uses the Code as a practical point of reference to drive a process of continual improvement built upon the Code's principles, key outcomes, and recommended practice.

The Board effectiveness review undertaken by an external third-party in 2022 included a positive assessment of the charity's performance against the Code principles, with an action plan in place to implement the recommendations of the review to further strengthen governance systems and Board practices.

Equality, Diversity and Inclusion

The Board of Trustees recognises that becoming a diverse and inclusive organisation will enable the charity to attract, retain and develop the best talent, better support innovation, enhance our brand and reputation, and meet an increasing regulatory focus, as well as being critically important for both our clients and our colleagues as well as wider stakeholder relationships. StepChange takes full and fair consideration of applications for employment made by disabled persons, having regard to their particular aptitudes and abilities whilst also investing in the relevant training, career development and promotion of disabled persons, whether the employee or applicant has become disabled whilst being employed at StepChange or not.

The Board therefore welcomed the publication in July 2022 of the Stepping Up to Equality, Diversity & Inclusion (EDI) Strategy, the charity's first ever formal EDI strategy, which lays foundations for future development and underpins the overarching organisational strategy. Key principles to form the foundation of the strategy were agreed and, in conjunction with the outcomes of an EDI colleague survey and a series of listening sessions with volunteers from across the organisation, have informed the strategy's contents. The strategy was also developed in line with the EDI principle of the Charity Governance Code.

Alongside the development of the strategy, a clear roadmap for implementation was put in place, significant progress against which was made in 2022, and focussing initially on improving our organisational culture to provide an even better service for our clients. EDI education has been embedded into our recruitment and leadership training programmes, work commenced on the design and implementation of a new inclusive recruitment process, and a completely rewritten EDI Policy was approved. As a result, the Board were pleased to see that the 2022 engagement survey outcome in relation to colleagues' experience as positive for belonging increased by 10 percentage points since 2021.

Within its own practice, the Board recognises the value of a diverse group of trustees, with a broad range of experience, skills, background, and perspectives, in its aim to improve its own effectiveness and ensure balanced decision-making. The Nomination and Remuneration Committee regularly carries out an audit of skills, experience and diversity of trustees to identify gaps, and to inform trustee recruitment and training. When recruiting new trustees, the Committee considers how best to attract a diverse pool of candidates, and where and how trustee vacancies are publicised.

The Board's diversity audit undertaken in 2022, as well as recommendations from the 2022 externally facilitated Board effectiveness review, highlighted a need to focus on appointing trustees who could bring greater diversity of backgrounds, perspectives and experience. As a result, the 2023 trustee recruitment exercise will aim to attract candidates with lived experience in relation to problem debt.

Remuneration of Senior Employees

The charity has a Pay Policy which applies to all employees, and is regularly reviewed by the Nomination and Remuneration Committee and approved by the Board. A Total Reward Strategy is also in place, the overriding principle of which is for the charity's total reward offering to be competitive, fair and sustainable. The principles guiding the charity's pay management approach include basic pay reflecting a colleague's skills, competence and capability to perform their role, and with all roles aligned to a pay range built around market median pay levels. The Pay Policy reflects the current approach to pay and rewards introduced by the strategy, and clarifies how pay will be benchmarked and managed, and includes annual pay review, development reviews and the use of in-role development frameworks to reflect the development of skills and knowledge.

The Nomination and Remuneration Committee determines the remuneration of the Chief Executive and the Executive team, in line with the Pay Policy. Executive appointments are subject to fair and open competition, with salary levels determined by benchmarking and set at advertising stage. The remuneration of the Chief Executive and the range of salaries for other members of the Executive team are published in the financial section of the annual report.

Trustees' report

Board as at 25 April 2023		Delegated Board Committees		Operating Subsidiaries Boards
Trustees	Year of appointment	Audit and Risk	Nomination and Remuneration	
John Griffith-Jones (Chair of the Board)	2019		Member	
Nick Caplan	2019	Member		
Helen Dean CBE	2019		Chair	
Tim Frost	2017	Chair		
Yvonne MacDermid OBE	2021			Director
Chris Stern (Senior Independent Director)	2016	Member	Member	
Lesley Titcomb CBE	2019	Member		
Chris Wood	2021		Member	

Andy Hill resigned at the end of his second term of office with effect from 1 July 2022
Josh Bell resigned from with effect from 31 May 2022
Monica Kalia resigned with effect from 22 July 2022



The trustees at 25 April 2023 are listed below:

John Griffith-Jones

John was appointed Chair of StepChange Debt Charity in 2019. He is also a member of the Nomination and Remuneration Committee. He served as the inaugural Chair of the Financial Conduct Authority from 2013 to 2018, during which time the FCA took on responsibility for regulating consumer credit.

Previously, John had a career at KPMG, culminating in him becoming their UK Chairman and Senior Partner, and also Chairman of their European, Middle East and Africa region.

John is currently a Governor of Brentwood School, and is a trustee of the Rifles Volunteer Trust. He is also a Deputy Lieutenant in Essex. John was formerly Vice Chairman of the National Numeracy Trust.

John studied Economics at Trinity Hall, Cambridge. He is a chartered accountant and he was an officer in the Territorial Army for 14 years.

Nick Caplan

Nick joined the Board in 2019. He is a member of the Audit and Risk Committee. Nick brings technology, strategy and operational experience from a broad range of sectors. Most recently he co-founded Ordo which provides an open banking payments platform to help people gain better control of their payments.

Nick is a director of Vitality Life and Health and Chair of AND Digital and Pay Later Group. Significant prior roles included Chair of Faster Payments, a key part of the UK's payments infrastructure; Chair of MyCSP a public sector pensions administrator and an executive director of Logica, a major IT services company.

Helen Dean CBE

Helen joined the StepChange Board in 2019 and is Chair of the Nomination and Remuneration Committee, and the Board Champion for Equality, Diversity & Inclusion.

She has a strong background and long-standing interest in addressing financial inequalities and promoting financial resilience. Working in the Department for Work & Pensions, she was one of the architects of the UK's automatic enrolment programme and a leading figure in establishing the National Employment Savings Trust ("NEST"). Since 2015 Helen has been the CEO of NEST, with over 10 million members, now the largest pension scheme by membership, in the UK.

Helen is also a member of the Council of Scholar Advisors, Centre for Recruitment Initiatives, Georgetown University in Washington, a Governor of the Pensions Policy Institute UK and a member of the Advisory Board to the Money and Pensions Service.

Helen was awarded a CBE in the 2021 New Year Honours list for her services to pension saving.

Tim Frost

Tim joined the StepChange Board in 2017 and is Chair of the Audit and Risk Committee.

He is the Chair of Polus Capital, Chair of the risk committee of UK Export Finance and an Emeritus Governor of the London School of Economics. Before Polus Tim worked in a series of trading and management positions at JP Morgan, and was a director of the Bank of England. He started work as an officer in the British Army serving in Germany and in the Falkland Islands.

Yvonne MacDermid OBE

Yvonne joined the StepChange Board in 2021. She is also a Non-Executive Director of the charity's two trading subsidiaries, CCCS Equity Release Ltd and CCCS Voluntary Arrangements Ltd.

She has been involved in credit and debt matters for 35 years, and stood down in 2021 after almost 24 years as Chief Executive of Money Advice Scotland. Yvonne is passionate about the provision of debt advice and financial education, and treating customers fairly. Given the current economic and cost of living crisis, she is particularly concerned about how we ensure vulnerable consumers are not left out in the cold.

Yvonne is a Non-Executive Board member and director sitting on four Boards from across the public, private and voluntary sectors, including the Credit Services Association and its subsidiary, and The Scottish Rail Preservation Society. She is also trustee of Pollok Credit Union.

In 2002 Yvonne received the OBE for services to disadvantaged communities, and in 2018 she was awarded the inaugural "Women in Credit" Lifetime Achievement Award.

Chris Stern

Chris Stern, FCCA FCMI, was appointed to the Board in 2016. He is Senior Independent Director at StepChange and is a member of the Audit and Risk Committee. He has significant Financial Services and Customer Service experience gained across a range of roles and sectors in both senior Executive and Non-Executive roles. In addition to his role at StepChange, he is also a Senior Pension Trustee on the Centrica Engineers Pension Scheme. He also holds a number of trustee positions with the youth charity YMCA, and is on the boards of National YMCA E&W, and St Paul's Group.

Chris previously held a number of senior Executive and Non Executive positions within the Centrica Group. These include Chairman of British Gas Insurance and British Gas Finance Ltd (A regulated Consumer Credit provider) and NED of British Gas Services (a regulated Financial Service intermediary) and Finance Director roles within the Financial Services, Customer and Retail Services, and Automotive sectors.

Chris is a qualified accountant and a Lay Minister within the Church of England.

Lesley Titcomb CBE

Lesley joined the StepChange Board in 2019. She is the Board Champion for Consumer Duty and is a member of the Audit and Risk Committee.

She is an independent non-executive director of National Bank of Kuwait International and of Pay. UK. She is also a Governor of the University of Hertfordshire. She was previously Chief Executive of The Pensions Regulator.

Lesley has worked in many different roles in financial services regulation since 1992 and before joining TPR was Chief Operating Officer of the FCA from 2010 to 2015. She is also a qualified Chartered Accountant.

Chris Wood

Chris joined the Board in 2021. He is a member of the Nomination and Remuneration Committee. He has significant Financial Services, Lending and Payments experience, and is a qualified chartered accountant.

For the last two years Chris has led the Worldpay from FIS SMB business in the UK, Ireland and for the direct channels in the US.

Prior to WorldPay he ran scale businesses and functions for Barclays and Barclaycard in the UK, Europe and North America, and he had extensive experience in both Executive and Non-Executive roles. Chris' career started as a consultant for Accenture with clients in Europe, North America and Australasia where he specialised in Financial Services and Comms / Hi-tech.

Executive team

Phil Andrew – Chief Executive

Phil has over 30 years' varied experience as Chair, CEO, CFO, NED and Treasurer in government owned organisations, blue-chip companies and charities in the UK, Ireland, Russia, France and the Far East.

Phil is a Chartered Accountant, qualified treasurer and Chartered Marketer.

Prior to joining StepChange in 2017, Phil was CEO of Working Links and prior to this CFO, Sodexo UK & Ireland and CEO, Sodexo Justice Services.

Over the last 15 years he has specialised in environments where social good is the primary objective but in environments requiring very high levels of commercial efficiency.

Phil is Vice-Chair of Raven Housing Association and Chair of the Marketors Trust.

Gail Arkle – Director of Client Experience

Gail leads the charity's Client Experience directorate, which covers the marketing, strategic relationships, business development and client journey functions.

With over 23 years' experience working across both B-2-C and B-2-B audiences, she has successfully led Marketing and Business Development teams across a number of sectors, in the delivery of corporate and commercial strategies. Most notably, in leadership roles bidding for and delivering services to the public and charitable sectors.

She is a Fellow of the Chartered Institute of Marketing.

Richard Britten – Director of Finance

Richard provides strategic and financial leadership to ensure that the charity's financial objectives are met. He's a Chartered Accountant having qualified at EY in London.

Richard brings a wealth of commercial financial management experience gained in regulated financial services at Mitchell Farrar Group and Provident Financial plc as well as previously at Enterprise Oil plc.

Vikki Brownridge – Director of Operations

Vikki leads the charity's operational teams who provide debt advice and ongoing solution service provision for our clients across a number of sites and all jurisdictions in the UK.

She has worked at the charity for over 17 years and has held a number of senior leadership positions including Head of Debt Advice and Director of Client Experience where she was responsible for the charity's strategic relationships and funding.

Vikki is also a trustee of Frank Parkinson Yorkshire Trust, a local Leeds based charity that provides Almhouses for residents over the age of 65.

Earlier in her career Vikki held leadership positions within outsourced providers and financial services organisations.

Sian Evans – Director of People and Culture

Sian started her career in Human Resources at Morrison's Supermarkets in 1990. Her experience spans a wide range of industries including roles at Ciba Specialty Chemicals, Redcats UK, Callcredit Information Group where she was Group HR Director from 2008 to 2011.

From 2011 until 2013, Sian ran an HR business providing consultancy services to the professional services and logistics sectors. Sian joined us from Severfield Plc where she was Group HR Director.

She is a fellow of the Chartered Institute of Personnel and Development.

In addition, Sian volunteers her time as a trustee for Northpoint Wellbeing, a mental health charity that provides talking therapies to adults and young people living in Yorkshire.

Richard Lane – Director of External Affairs and Operating Subsidiaries

Richard leads the charity's External Affairs department, which covers our policy, campaigning, internal communications and media functions.

He also oversees StepChange's two operating subsidiaries – StepChange Financial Solutions and StepChange Voluntary Arrangements.

Richard has worked across the charity sector in a number of roles, notably leading the communications and campaigns teams at the national disability charity, Scope, and working on campaigns and public affairs at the LGBT charity Stonewall.

Ian Phillips – Director of Risk and Compliance

Ian joined StepChange in 2021, having worked in the regulated Financial Services Industry for over 25 years, across a range of regional, national, and international firms of various sizes, including 13 years in various parts of Lloyds Banking Group.

Since 2020, Ian has also successfully co-led the UK Finance Vulnerability Academy, driving thought leadership, and supporting over 150 strategic leaders to date, from across the financial services, utilities, communications, and other sectors, in understanding the requirements of embedding consumer vulnerability, and good consumer outcomes in general, throughout the culture, policies, and relevant customer journeys of their organisations.

Ian is also an adviser to the Board of Surviving Economic Abuse, the UK's only charity dedicated to raising awareness of and transforming responses to economic abuse, is a Parish Councillor and is Chair of Trustees of a small charity which supports provision of educational and cultural initiatives in the local community.

Charlotte Chambers – Chief Technology and Information Officer*

Charlotte Chambers is an accomplished technology professional, with 20+ years of service and operational experience across multiple sectors.

Charlotte has experience working in several different sectors, including 12 years in retail. Charlotte has a proven track record in building high performing teams, is passionate about colleague development, and leads the women in leadership programme across Asda Technology.

Charlotte has successfully led service and programme delivery across multiple application and infrastructure platforms, including multiple transformation programmes, delivering service improvement, quality, and efficiencies. Charlotte has led on one of the largest eCommerce technology transformation programmes in Europe, following Asda's divesture from Walmart, with her remit spanning all of eCommerce Technology for Asda. Charlotte is also a mum of 3, and lives in the North East with her family.

*Charlotte joined StepChange in March 2023

Charitable purposes and the public benefit

Trustees confirm that they have had regard to the Charity Commission's guidance on public benefit in reporting on the charity's objectives and achievements (on pages 8 to 9), in its planning activities, and when setting policies and priorities for the year ahead.

The Board reviews the charity's strategic aims and objectives each year to ensure they remain focused on its charitable purposes. The charitable purposes are also reviewed periodically alongside the external environment in which the charity works, to make sure that StepChange and its purposes stay relevant and valid.

These charitable purposes, according to definitions within the Charities Act 2011 and set out in the charity's Articles of Association are (i) the prevention or relief of poverty amongst persons who are in debt, and (ii) to advance the education of the public in general (and particularly amongst persons in debt or at risk of falling into debt) on the subject of financial budgeting, financial products and financial services.

Section 172(1) Statement

The Trustees, as company directors of StepChange, must act in accordance with a set of general duties as detailed in Section 172 of the Companies Act 2006, which includes a duty to promote the success of the company, and in doing so have regard to;

a. Consequences of any decision in the long term

Trustees developed StepChange's priorities (page 12 of this report) as part of a long-term strategy to eradicate problem debt in the UK. The needs of our clients and those of our other key stakeholders form the bedrock of our strategic plans. Trustees routinely review the external landscape, including the political environment, and seek and evaluate feedback from our various stakeholders, to ensure that our plans are adapted, as necessary, to meet changing circumstances. Trustees keep under review the charity's principal risks and opportunities, consider emerging risks and ensure that our plans are adapted in response as appropriate. More information on our risks can be found on pages 33 to 37 of this report.

b. Charity's colleague's interests

Our people are crucial to our success. Trustees consider and protect the interests of our colleagues to support StepChange's on-going success. Trustees and Executive Management ensure, through regular colleague engagement, that we maintain an understanding of their needs to inform our strategy and aims. Our decision-making processes consider the impact of potential decisions on our colleagues. For example, all colleagues whose roles can be performed from home were consulted to inform our hybrid working policy.

We regularly consult with our joint consultative committee that is formed from elected colleague representatives on key aspects of business planning. For example, we discussed our annual wage review proposals at an early stage with them before confirming our approach Our employee strategy reflects concerns raised by employees as well as feedback from all colleague meetings. In response to concerns raised by colleagues we added courses to support wellbeing, stress management and financial management to our e-learning platform, and our Employee Assistance Programme is available to all staff including access to free counselling sessions.

c. Fostering the charity's business relationships with clients, suppliers and others

Engagement with our clients is essential to ensure we understand and meet their needs. Executive Management regularly seeks and evaluates feedback from market research and client surveys. We are thus able to build a detailed picture of how StepChange's output is received by different client groups, including those traditionally under-represented, and to understand drivers for people getting into problem debt. We communicate, on a personalised and regular basis, with our clients in accordance with their communication preferences. We have developed strong relationships with certain key suppliers who support our stages technical infrastructure, to develop mutually beneficial relationships that support the technical advancement of our services. We ensure that our day-to-day business interactions with all suppliers are conducted in a professional, fair and respectful manner.

d. Impact of the charity's operations on the community and the environment

We recognise our responsibility to care for the environment and aim to minimise the environmental impact of all our activities. More information on how we care for the environment can be found on page 26 of this report. We are respectful of our local community and its needs. Our ESG Strategy is currently being developed and includes representatives from across the charity at every level.

e. Maintaining a reputation for high standards of business conduct

Our reputation is fundamental to our future success. We have in place a range of policies that promote corporate responsibility and ethical behaviour. Areas covered include conflicts of interest, safeguarding, bullying and harassment, and whistleblowing. We use our organisational values in our recruitment and training for colleagues and our induction of new suppliers to ensure these are understood and maintained. Our procurement and ethical policies and procedures ensure that our values are also part of our selection of partners and suppliers.

f. Acting fairly between members of the charity

We believe that a successful Charity is a Charity for everyone, where inclusivity and accessibility are paramount: we aim to be a fully inclusive organisation that fosters a culture of equity and belonging, where colleagues feel safe to challenge and perform at their best. Our ED&I strategy has been developed with input from colleagues at all levels of the organisation, the Board, Senior Leadership Team and the Executive Committee. The strategy includes 4 key areas of focus over the next 3 years: Leadership, Recruitment, Retention and Engagement, and Development. We have ensured accountability at all levels and have set ourselves ambitious targets to address areas of underrepresentation and we have put a governance structure in place to ensure its successful delivery. Helen Dean, the chair of our Nomination and Remuneration Committee is the sponsor for our EDI agenda at Board level.

Streamlined Energy and Carbon Reporting ('SECR')

We report our carbon emissions following the Greenhouse Gas Protocol which incorporates the Scope 2 market-based emissions methodology. We report carbon dioxide emissions resulting from energy use in our buildings and colleague business travel.

For 2022, we collected the energy usage data for all our sites in the UK and the business travel data for the colleagues claiming business mileage using personal or charity leased vehicles to estimate the emissions driven by our operations. We have then uplifted these estimates by 5% to cover uncertainty in line with Intergovernmental Panel on Climate Change's *Good Practice Guidance and Uncertainty Management in National Greenhouse Gas inventories* and our own internal assessment of data coverage and quality.

There was an increase in travel by the colleagues compared to 2021.

2022 was the first full year with only one building occupied in Leeds generating less energy consumption however due to lower FTE compared to 2021, the average per FTE was similar to 2021.

UK Greenhouse gas emissions and energy use data for the period 1 January 2022 to 31 December 2022	2022	2021
Energy consumption used to calculate emissions (kWh)	1,739,423	2,075,534
Scope 1 emissions in metric tonnes CO2e		
Vehicles on company lease	7.50	2.35
Scope 2 emissions in metric tonnes CO2e		
Purchased electricity	185.97	237.28
Gas consumption	162.37	190.75
Total Scope 2	348.34	428.03
Scope 3 emissions in metric tonnes CO2e		
Business travel in colleague owned vehicles	8.97	3.35
Total gross emissions in metric tonnes CO2e	364.81	433.73
Intensity ratio Tonnes CO2e per FTE	0.31	0.31

Reference and administrative details

Company name

Foundation for Credit Counselling is a company limited by guarantee. It trades under the brand name of StepChange Debt Charity.

Registered and Principal Office

123 Albion Street, Leeds, LS2 8ER.

Important numbers

Company number: 02757055 in England and Wales.
Charity numbers: 1016630 in England and Wales, SC046263 in Scotland and 20104887 in Ireland.
FCA number 729047.

Constitution

The governing document of the charity is its Memorandum and Articles of Association. The charitable objects for which the charity was established are:

1. The prevention or relief of poverty amongst persons who are in debt;
2. To advance the education of the public in general (and particularly amongst persons in debt or at risk of falling into debt) on the subject of financial budgeting, financial products and financial services.

Professional Advisors

Chartered accountants and statutory auditors

PKF Littlejohn LLP
15 Westferry Circus
London E14 4HD

Internal auditors

Grant Thornton UK LLP
No 1 Whitehall Riverside
Leeds LS1 4BN

Legal advisors

Wrigley's Solicitors LLP
3 Wellington Place
Leeds LS1 4AP

External auditors

A resolution for the reappointment of PKF Littlejohn LLP as auditors for the charity was proposed at the 25 April 2023 Board meeting.

Statement of trustees' responsibilities

The trustees (who are also directors of Foundation of Credit Counselling for the purposes of company law) are responsible for preparing the trustees' Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the trustees to prepare financial statements for each financial year. Under that law the trustees have prepared the financial statements in accordance with United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice). Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of the affairs of the charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable group for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Statement of Recommended Practice: Accounting and Reporting by Charities (2019);
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees are responsible for the maintenance and integrity of the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Provision of Information to Auditors

So far as each of the trustees is aware at the time this report is approved:

(a) so far as the trustee is aware, there is no relevant audit information of which the company's auditors are unaware; and

(b) they have taken all the steps that they ought to have taken as a trustee in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

The Trustees' Report and Strategic Report were signed on behalf of the trustees by:

John Griffith-Jones
Chair
5 May 2023

Financials



Strategic Report

Our Group accounts for the year to 31 December 2022 show a net surplus of £2.1m compared with a deficit of £0.6m in the previous financial year.

Income

In 2022, our total income was slightly increased to £62.0m compared with £61.0m in 2021, with 2021 figures also including £1.9m of furlough support (2022: £nil). Excluding that support, total income increased by £2.9m, made up of an increase in restricted income of £2.5m and a small increase in our unrestricted income of £0.4m.

Regarding restricted income, the largest element of this is grant funding received from the Money and Pensions Service ("MaPS"). These grants ceased at the end of January 2023. The other elements of our restricted income are Scottish Government grants and donations received for a specific purpose, which includes funding for our self-employed debt advice service which started in 2022.

The majority of our income is unrestricted including donations, Fair Share Contributions ("FSC") and income within our operating subsidiaries. Following impacts in previous years of the pandemic, the Group's largest source of income, FSC, has experienced some further reduction due to the cost of living crisis and the impact on our clients' ability to maintain payments on repayment solutions (see also "Principal Risks and Uncertainties"). This has resulted in an overall decrease in our unrestricted income from charitable activities of £3.4m to £38.4m (2021: £41.8m).

This decrease in FSC has been offset in 2022 by increased donations received from both FSC funders and from other organisations who refer clients to the charity for debt advice. These donations are unrestricted and helped increase the Group's free reserves at the end of 2022 and will be applied to help fund its core activities in 2023, especially the provision of debt advice services as demand increases in the challenging economic climate.

Given the economic climate and the cessation of the MaPS grants, these additional donations are particularly welcome.

Operating Expenditure

Total operating expenditure for the Group was £59.9m (2021: £61.6m). People costs remain the Group's largest area of expenditure, being approximately 70% of total operating costs, with savings having been made following the cost reduction programme undertaken during 2021. Delivering further reductions in unit costs in debt advice and, more so, in debt management operations is a key focus for 2023 and 2024. This will increase the Group's resilience to any further erosion of Fair Share income.

Operating Surplus

The operating surplus of £2.1m (2021: £0.6m deficit) is comprised of a restricted surplus of £1.8m and an unrestricted surplus of £0.3m. The restricted surplus is primarily due to funding received in advance for our pilot programme to provide debt advice to self-employed individuals and for which the majority of expenditure will be incurred in 2023 and 2024.

The unrestricted surplus is stated after an amortisation charge of £2.1m (2021: £2.1m) which relates to the Pulse debt advice development costs that were capitalised as an intangible asset. The underlying surplus of £2.4m benefits from unrestricted donations received in the last few months of 2022 which will help fund our core debt advice activities in 2023.

Capital Expenditure

Total additions to tangible fixed assets were £0.2m in the year (2021: £2.3m) with additions being primarily small amounts of IT and office equipment.

The figures in 2021 included the fit-out and furnishing of our new headquarters in Leeds which were substantially funded by a capital contribution from the landlord and which also results in corresponding balances recorded within creditors (including within amounts falling due after one year).

Subsidiaries

The charity has two subsidiaries, one for the provision of insolvency solutions, and one for equity release and mortgage solutions. Any net proceeds generated by these subsidiaries are distributed via Gift Aid back to the charity. Both operations have been developed to help people become free of problem debt. Within the charity's Statement of Financial Activities, the proceeds from the subsidiaries are not classified as charitable activities but included within donations received.

Cashflow, investments and liquidity

Our investment policy agreed by the trustees remains to invest in fixed-term bank deposits only.

Within the year, there was a net increase in cash and cash equivalents of £4.5m (2021: £0.3m decrease). This increase was due largely to both restricted and unrestricted donations received during the latter part of the year. At 31 December 2022 total cash and cash equivalents were £11.6m (2021: £7.1m) with no funds held on deposit for a period of greater than three months (2021: £NIL).

The Group has a liquidity backstop cash requirement agreed with the FCA being a minimum cash balance of £5.25m. Such cash reserves would allow the Group to effect an orderly winddown without detriment to clients should the situation ever arise.

Reserves policy and management

Reserves are maintained at a level to manage the short-term financial risk, the potential costs of unplanned closure and ensure the long-term viability of the charity given the risks detailed in the "Principal Risks and Uncertainties" section of this report. Our reserves policy is reviewed by the Board of trustees at least annually. In assessing the policy the Board considers the scale of the charity's planned cost base, the risk environment, security of funding as well as the investment needs of the group.

In line with best practice, our policy includes a lower and upper limit on our free reserves. This ensures that whilst, on one hand, we are ensuring the charity's ongoing financial viability, that the charity is also applying as much funding to its charitable objectives as it reasonably can.

The charity also has a requirement under FCA regulation to maintain a minimum level of liquidity.

In December 2022 the Board approved our reserves policy unchanged, being that the Group's free reserves (i.e. reserves after removing net tangible and intangible fixed assets and restricted funds) will not be allowed to fall below £10m nor to exceed £18m.

At 31 December 2022 the Group's free reserves stood at £15.6m being unrestricted funds of £17.7m less fixed assets of £3.5m plus unamortised landlord fit-out contribution of £1.4m. This is an increase of £3.0m since the start of the year, benefitting from donations received in the last few months of the year.

These higher reserve levels help the charity guard against financial uncertainties as well as providing the funding to initiate a significant investment to replace back office debt management systems. This investment will provide benefits to our clients and to our funders from late 2023 and increasingly in 2024.

The total balance sheet reserves at 31 December 2022 were £19.5m (2021: £17.5m), of which £1.8m (2021: £0.1m) are restricted in nature.

Investment policy

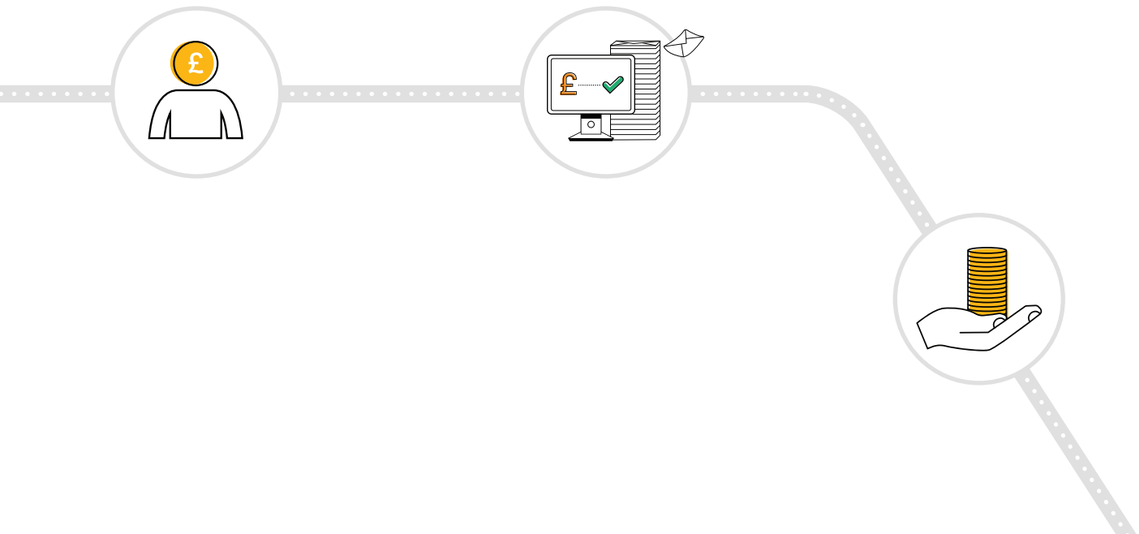
The charity's investment policy is reviewed annually by the Audit and Risk Committee. In 2022, the policy has been maintained to continue to invest the surplus liquid funds in fixed-term deposits with maturities of no more than 12 months. This continued to allow the Board the appropriate flexibility and liquidity whilst reserves were close to our agreed minimum level.

During 2021, due to the lower cash balances and our liquidity obligations, we did not place funds on deposit. In 2022 we were able to generate some returns on our balances but at minimal risk with deposits made with maturities of one month only.

Basis of preparation of the Accounts

In line with the Charities Accounts (Scotland) Regulations 2006 (as amended), the charity has prepared a charity-only Statement of Financial Affairs on page 43, with additional charity-only disclosures made in the notes to the financial statements.

The financial statements have been prepared on the going concern basis. The company has strong financial resources invested with minimal risk and no borrowings.



Principal risks and uncertainties

Our approach to risk management

The Board of Trustees is responsible for approving the charity's approach to risk management and for setting the level of risk that the charity is willing to accept in pursuit of its objectives through Risk Appetite Statements.

The Board reviews its risk appetite at least annually to ensure the charity is continuously managing its risks and exposures effectively, considering changes that may impact the amount of risk it is willing to take.

Through the charity's delegated authority framework, the Audit and Risk Committee (AARC) is accountable for the effective operation of the Risk Management Framework (RMF) and gaining assurance over its effectiveness.

AARC, in turn, delegates responsibility for the day-to-day operational management of the risk management framework to the Executive Risk and Conduct Committee (ERCC). entrusts the Executive team with responsibility for the charity's day-to-day operation and management, including the management of risk.

The Director of Risk and Compliance has overall accountability for the effective operation of the Risk Management Framework.

2022 saw the Charity commence a programme of enhancements to the design and execution of its RMF, including the implementation of a revised Risk Management Policy and Risk Taxonomy and work to design new or updated approaches to Policy Management and Risk & Control Self-Assessment (RCSA).

As 2022 progressed, Regulators, including the Financial Conduct Authority, underlined the importance of sound risk management practices for the debt advice sector, particularly in the face of the cost of living crisis.

The charity's proactive decision to review and enhance its RMF, ahead of that Regulatory emphasis, puts it on the front foot in this area. Work to embed the enhancements continues into 2023.

It is our policy to adopt a proactive approach to the management of risk and maintain an adequate and effective risk management framework in accordance with industry good practice and the requirements set out by its regulators.

The Charity aims to operate effective processes which enable colleagues to identify, assess, manage, monitor and report on the risks to which StepChange is exposed.

Informed business decisions will be based on managed risk-taking in pursuit of our strategic plan, and in doing so, we will seek to protect and ensure the longevity of the charity.

Assurance

The Board ensures the charity has in place an appropriate 'Three lines of defence' governance model.

The first line comprises the operational functions that own and manage the risks that they introduce to the organisation. The first line is formed of colleagues responsible for identifying and managing risk as part of their day-to-day activities.

The second line provides the policies, frameworks, tools, methodology and support to enable risk and compliance to be managed by the first line.

The third line is Internal Audit. It provides independent assurance of the risk management processes of the first two lines of defence. Its key role is to ensure that the first two lines of defence are operating effectively and advise how they could improve through systematic evaluation of the effectiveness of risk management, control, and governance processes.

Responding to Emerging Risks

Cessation of grant funding in England & Wales

For a several years the charity has received grant funding from the Money and Pensions Service ("MaPS") to help fund its debt advice activities, as well as for the provision of Debt Relief Orders ("DRO's"). The most significant of these was the funding for debt advice.

In 2021 MaPS announced that annual grant funding would cease with future funding to be provided via three-year service contracts and, in October 2022, the procurement process for these contracts was concluded. The charity was not awarded a contract for either debt advice or for DRO's and the previous grants for these services ceased on 31 January 2023.

In response to this we are rationalising our services, undertaking a reduction in our overall operating costs and working closely with our funders for additional donations to help preserve the charity's funding during 2022 and 2023 to maintain capacity to help clients.

We are very grateful to funders who have made such additional donations and helped the charity to a strong financial position as shown in these accounts. We will also review together how longer-term funding models can be improved. In the meantime, however, the charity will have a greater reliance on short-term donations and reduced certainty over part of its funding.

Impact of increased cost of living

In last year's Annual Report, we highlighted the initial impacts of what has since become known as the 'cost of living crisis' as inflation in the UK reached its highest levels for many years. This has negatively impacted household budgets with those in, or nearly in, financial difficulty being impacted the worst.

Whilst, as for all organisations, the charity is facing increases in its operating costs, it is also impacted through the pressure on those household budgets. This leads to more people needing debt advice, more of those people not being able to take up a repayment solution and reductions in the amounts existing clients can afford to pay on their repayment solutions. This means an increase in demand for our services but a reduction in the income we receive.

The charity's largest source of income is the Fair Share Contribution ("FSC") income received via the operation of debt repayment solutions, whereby our clients' creditors donate back to the charity a percentage of the clients' payments that are received under those solutions. This income is therefore directly affected by the number of clients making payments and the amounts that clients can afford to pay.

Whilst our clients have shown resilience in maintaining their repayment plans, we have seen FSC income fall over the last twelve months and we have therefore set our financial plans anticipating that this may continue during the first half of 2023.



The risks identified below represent the relevant key risks associated with the charity and are not set out in any specific priority order.

Risk Area	Key Risks	Description
Strategic	• Business Environment and Competition (including funding model)	The MaPS commissioning outcome is likely to increase competitive pressures in the sector and challenge organisations to ensure that a full range of services is maintained to meet client need. Changes to fairshare arrangements are likely to required both by the funders and the recipients of fairshare. Discussions with funders indicate a high degree of consensus and alignment with the charity's position.
Business Risk	• Governance	The charity has been embedding its new risk management framework and the updated design of its internal controls, policies and standards. This will improve governance and overall assurance around control effectiveness and reporting.
Operational	• People	The increased need for debt advice resulting from the cost-of-living crisis creates strain on the charity's operating capacity and our client-facing colleagues. Sickness levels have increased although attrition has reduced as the labour market cools. Colleague engagement surveys have been positive and action plans are in place. Leadership development across the charity has been very well received.
	• Change Management	The ongoing volume and scale of change is challenging for the organisation both for our change and technology colleagues and for subject matter experts in other functions. Improved ways of working having been implemented in change delivery, as well as in portfolio management, reporting and governance, and these will be fully embedded during 2023.
Technology	• Data and Information Security (including Cyber) • IT and Systems	The charity handles financial and personal data of a large number of clients. Data loss or breach is a perpetual risk. Ongoing and continual upgrades to our defences, testing, security operations and to our colleague training and awareness are designed to manage and mitigate this risk.
Legal, Conduct & Compliance	• Conduct & Regulatory Compliance	The charity provides regulated products and services to clients who are financially vulnerable. Whilst those services are provided free of charge, it is paramount that client outcomes are central to the service design and execution, with appropriate policies, processes and monitoring to deliver the necessary assurance over the charity's products and operations. As described above the charity operates a "three lines of defence model", which includes a third-party internal audit function to provide independent, expert assurance.
	• Client Money	The group receives money from its clients for distribution to their creditors both in the charity (regulated under FCA CASS rules) and in the CCCS VA subsidiary (under Insolvency Practitioner rules). All such money must be correctly segregated from the group's own funds, allocated to the correct client's plan and distributed to creditors on a timely basis. The group maintains clear and specific policies and procedures and undergo an annual CASS audit as part of the assurance against the risk of misallocating or mismanaging clients' money.
Financial Risk	• Capital and Liquidity	As explained in the "Financial Review" section of this report, the charity ensures appropriate financial strength via its reserves policy and compliance with a minimum level of liquidity held in cash.

Independent auditor's report to the members of the Foundation for Credit Counselling

Opinion

We have audited the financial statements of the Foundation for Credit Counselling (the 'parent charitable company') and its subsidiaries (the 'group') for the year ended 31 December 2022 which comprise the Consolidated and Parent Charitable Company Statement of Financial Activities, the Group and Parent Charitable Company Balance Sheets, the Group Cash Flow Statements and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and parent charitable company's affairs as at 31 December 2022, and of the group's and parent charitable company's incoming resources and application of resources, including the group's and parent charitable company's income for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's or parent charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the trustees' annual report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the trustees' annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the trustees' report, which includes the strategic report and the directors' report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report included within the trustees' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the group and parent charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report included within the trustees' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 require us to report to you if, in our opinion:

- adequate and proper accounting records have not been kept by the parent charitable company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company's financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the group and parent charitable company financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the group and parent charitable company financial statements, the trustees are responsible for assessing the group's and parent charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the group or the parent charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with the Acts and relevant regulations made under or having effect thereunder.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations.

We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the group and parent charitable company and the sector in which they operate to identify laws and regulations that could reasonably be expected to have a direct effect on the financial statements. We obtained our understanding in this regard through discussions with management, sector research, application of cumulative audit knowledge and experience of the sector.
- We determined the principal laws and regulations relevant to the group and parent charitable company in this regard to be those arising from Companies Act 2006, Charities Act 2011, Charities Accounts (Scotland) Regulations 2006, Financial Conduct Authority's ("FCA") regulations, Anti-Bribery and Corruption Legislation and UK Tax Legislation.
- We designed our audit procedures to ensure the audit team considered whether there were any indications of non-compliance by the group and parent charitable company with those laws and regulations. These procedures included, but were not limited to enquiries of management, review of minutes, review of legal and regulatory correspondence.
- We also identified the risks of material misstatement of the financial statements due to fraud. We considered, in addition to the non-rebuttable presumption of a risk of fraud arising from management override of controls, that there is potential for management bias in the timing and recognition of Fair Share income, income from grants, donations and timing of recognition of income from contracts. We addressed this through substantive sample testing of income back to source documents to ensure that income was recognised in accordance with the performance related conditions. We also independently inquired with management to confirm whether there are any disputes in relation to any income streams.
- We also identified potential for management bias in:
    - o the judgements made around recoverability of debtors, which we addressed through examination of post year end cash received, review of correspondence with debtors and discussion of recoverability with management;
    - o the depreciation rate and amortisation rate applied to tangible and intangible fixed assets respectively, which we addressed by considering the useful economic life applied for the types of asset held, and re-performing the calculation to ensure it had been performed accurately in line with the stated method;
    - o the assessment of the calculation and recoverability of the Fair Share contributions accrued income; and
    - o the allocation of support costs across activities and income streams and considering whether assumptions are reasonable and appropriate.
- As in all of our audits, we addressed the risk of fraud arising from management override of controls by performing audit procedures which included, but were not limited to: the testing of journals; reviewing accounting estimates for evidence of bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities.This description forms part of our auditor's report.

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, and to the charitable company's trustees, as a body, in accordance with Regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the charitable company's members and trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company, the charitable company's members as a body and the charitable company's trustees as a body, for our audit work, for this report, or for the opinions we have formed.



Alastair Duke (Senior Statutory Auditor)
For and on behalf of PKF Littlejohn LLP
Statutory Auditor

5 May 2023

15 Westferry Circus
Canary Wharf
London E14 4HD

Consolidated statement of financial activities

Year ended 31 December 2022

	Note(s)	Restricted funds 2022 £'000	Unrestricted funds 2022 £'000	Total funds 2022 £'000	Total funds 2021 £'000
Income					
Donations	2	—	5,037	5,037	810
Charitable activities	3	14,420	38,403	52,823	53,504
Other trading activities	4	—	3,983	3,983	4,381
Investments	5	—	25	25	1
Other	6	—	134	134	2,280
Total income		**14,420**	**47,582**	**62,002**	**60,976**
Expenditure					
Raising funds: other trading activities	7	—	2,869	2,869	3,073
Charitable activities	8,9	12,703	44,363	57,066	58,517
Other		—	3	3	
Total expenditure		**12,703**	**47,235**	**59,938**	**61,590**
Net income/(expenditure) and net movement of funds for the year		**1,717**	**347**	**2,064**	**(614)**
Reconciliation of funds					
Total funds at 1 January 2022		83	17,392	17,475	18,089
Total funds at 31 December 2022	21,22	**1,800**	**17,739**	**19,539**	**17,475**

Charity statement of financial activities

Year ended 31 December 2022

	Note(s)	Restricted funds 2022 £'000	Unrestricted funds 2022 £'000	Total funds 2022 £'000	Total funds 2021 £'000
Income					
Donations	2	—	6,581	6,581	2,158
Charitable activities	3	14,420	38,403	52,823	53,504
Other trading activities	4	—	—	—	—
Investments	5	—	30	30	6
Other	6	—	134	134	2,031
Total income		**14,420**	**45,148**	**59,568**	**57,699**
Expenditure					
Raising funds: other trading activities	7	—	—	—	—
Charitable activities	8,9	12,703	44,363	57,066	58,517
Other		—	3	3	
Total expenditure		**12,703**	**44,366**	**57,069**	**58,517**
Net income/(expenditure) and net movement in funds for the year		**1,717**	**782**	**2,499**	**(818)**
Reconciliation of funds					
Total funds at 1 January 2022		83	15,856	15,939	16,757
Total funds at 31 December 2022	**21,22**	**1,800**	**16,638**	**18,438**	**15,939**

Balance sheets

31 December 2022

	Note(s)	Group 2022 £'000	Group 2021 £'000	Charity 2022 £'000	Charity 2021 £'000
Fixed assets					
Intangible assets	14	1,544	3,603	1,544	3,603
Tangible assets	15	1,924	2,624	1,924	2,624
Investments	16	—	—	5	5
		3,468	**6,227**	**3,473**	**6,232**
Current assets					
Debtors	17	10,618	9,257	10,257	8,713
Cash and cash equivalents	18	11,631	7,120	10,712	5,991
		22,249	**16,377**	**20,969**	**14,704**
Current liabilities					
Creditors: amounts falling due within one year	19	(5,070)	(3,743)	(4,896)	(3,612)
Net current assets		**17,179**	**12,634**	**16,073**	**11,092**
Creditors: amounts falling due after one year	25	(1,108)	(1,386)	(1,108)	(1,386)
Net assets		**19,539**	**17,475**	**18,438**	**15,939**
Total group funds					
Unrestricted funds	21	17,739	17,392	16,638	15,856
Restricted funds	22	1,800	83	1,800	83
		19,539	**17,475**	**18,438**	**15,939**

The financial statements on pages 42 to 65 were approved and authorised for issue by the trustees on 5 May 2023 and were signed on their behalf by

John Griffith-Jones
Chair
5 May 2023

Company Registration No. 2757055 | Registered Charity No. 1016630

Cash flow statements

Year ended 31 December 2022

	Note(s)	Group 2022 £'000	Group 2021 £'000	Charity 2022 £'000	Charity 2021 £'000
Reconciliation of net income/ (expenditure) to net cash flows from operating activities					
Net movement in funds		2,039	(615)	2,470	(818)
Depreciation and amortisation charge		2,883	2,689	2,883	2,689
Profit/(loss) on disposal of fixed assets		76	—	76	—
(Increase)/decrease in debtors		(1,361)	(80)	(1,545)	—
Increase/(decrease) in creditors		1,049	(398)	1,007	(362)
Net cash generated from operating activities		**4,686**	**1,596**	**4,891**	**1,509**
Investing activities					
Purchase of tangible and intangible fixed assets	15	(200)	(1,876)	(200)	(1,876)
Interest received		25	—	30	—
Net cash provided used in investing activities		**(175)**	**(1,876)**	**(170)**	**(1,876)**
Net decrease in cash and cash equivalents		**4,511**	**(280)**	**4,721**	**(367)**
Cash and cash equivalents at 1 January		7,120	7,400	5,991	6,358
Total cash and cash equivalents at 31 December	**18**	**11,631**	**7,120**	**10,712**	**5,991**

Notes to the financial statements

Year ended 31 December 2022

1. Accounting Policies

The principal accounting policies are summarised below.

a) Basis of preparation

The financial statements have been prepared in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland, ("FRS 102"), the Charities Statement of Recommended Practice, Accounting and Reporting by Charities ("SORP") FRS 102, the Charities Accounts (Scotland) Regulations 2006 (as amended) and the requirements of the Companies Act 2006. The financial statements have been prepared under the historical cost convention. In line with the Charities Accounts (Scotland) Regulations 2006 (as amended), both the consolidated results and the results for the parent charity have been included within the accounts.

The accounts have been prepared on the going concern basis. The company has strong financial resources invested with minimal risk and no borrowings. The charity projects increased expenditure on its Transformation Programme which will be reflected in an annual deficit but with reserves remaining above the minimum levels in the reserves policy. There are no material uncertainties about the charity's ability to continue. The accounting policies have been redrafted to improve the users' understanding of the financial statements. The substance of the accounting policies have been applied consistently throughout the accounts and the prior year.

The Foundation for Credit Counselling meets the definition of a public benefit entity under FRS 102. The charity exists for the benefit of the public through the provision of services to members of the public suffering with problem debt.

b) Group accounts

The consolidated accounts incorporate the results of the Foundation for Credit Counselling Limited ('the charity') and its subsidiary undertakings on a line by line basis. The consolidated entity is also referred to as 'the Group'. The list of all the subsidiary undertakings is shown in note 16.

c) Incoming resources

All income is included when the charity is entitled to the income, the amount can be quantified, and receipt of the funds is probable. The receipt of fair share contributions is deemed probable when an existing disbursement creditor has indicated they are prepared to pay the request for the fair share contribution. For new relationships, amounts are not recognised until such time as an adequate payment history has been established with the creditor. Recognition commences following the receipt of the first two monthly payment requests. Commission income from mortgage advisors and insolvency practitioners is recognised upon the receipt of the notification of creditor approval of arrangements. Investment income is recognised on an accruals basis, using daily rate calculations for funds on deposit and average balance calculations for funds held in current accounts.

Income from grants is recognised on a case-by case basis. For the Money and Pension Service, Scottish Legal Aid Board, Scottish Ministers and Welsh Ministers grant agreements, income is recognised on submission of a monthly or quarterly grant claim in accordance with the specific terms of each agreement. Funding is not received until the submission of grant claims.

In all cases, grant income is treated as restricted funds, as the provision of grant funding is for specific purposes as described at note 22. Donations are recognised when the charity becomes unconditionally entitled to the funds. Insolvency service income comprises nominee fee and supervisory fee income. Nominee fees are recognised on acceptance of the appointment following a meeting of creditors and typically for the first five months of the arrangement. Supervisory fees are recognised over the period of the arrangement resulting from ongoing payments by clients. Equity release service income is recognised on notification of the completion of an equity release or mortgage case from third party lenders.

d) Resources expended

All expenditure is accounted for on an accruals basis. Direct costs, including attributable salaries, are allocated on an actual basis to the key strategic areas of activity. Support costs are the costs of functions which support more than one of the charity's activities and have been allocated to those activities on the basis of employee numbers. Governance costs are the costs associated with the governance arrangements of the Group. These costs include external and internal audit, legal advice for trustees, management costs preparing for and attending trustee meetings and the costs associated with constitutional and statutory requirements. Transformation costs are incremental costs expended to develop and execute a business-wide programme of change.

e) Intangible fixed assets

The intangible asset represents the qualifying costs of developing the Pulse debt advice system. The intangible asset is stated at cost less amortisation. The amortisation is charged on a straight-line basis over the useful economic life of the system which has been estimated as being a period of 4 years. Amortisation commenced on 1 October 2019.

f) Tangible fixed assets

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided on all tangible fixed assets at rates calculated to write each asset down to its estimated residual value evenly over its expected useful life, as follows: Fixtures, fittings and equipment: 14% – 33.3% on a straight line basis.

g) Investments

Money market deposits, with maturity periods of more than three months, are current asset investments that are readily convertible into cash at, or close to, their carrying amount. Fixed asset investments are stated at cost in the company balance sheet.

h) Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less.

i) Financial instruments

The charity has financial assets and financial liabilities of a kind that qualify as basic financial instruments only. There are none which qualify as complex in nature. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

j) Leasing

Rentals payable under operating leases are charged to the Statement of Financial Activities on a straight-line basis over the lease term.

k) Taxation

The charitable members of the Group are exempt from income and corporation taxes on income and gains to the extent that they are applied for their charitable objects. The trading subsidiaries do not generally pay UK corporation tax because their policy is to distribute taxable profits to the charity as Gift Aid. Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements. Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

l) Pensions

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the charity. The annual contributions payable are charged to the Statement of Financial Activities on an accruals basis.

m) Employee benefits

The costs of short-term employee benefits are recognised as a cost within the Statement of Financial Activities. The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received. Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

n) Funds

Unrestricted funds are donations and other incoming resources for the objects of the charity without further specified purposes and are available as general funds. Restricted funds are funds that can only be used for specific restricted purposes set out by the donor within the objects of the charity. The Landlord Contribution as per note 21 has been deducted from the unrestricted funds to report the reserves net of Landlord contribution.

o) Judgements and key sources of estimation uncertainty

In preparing the financial statements, the trustees are required to make estimates and judgements. The matters below are considered to be the most important in understanding the judgements made and the uncertainties that could impact the amounts reported in the financial statements.

Intangible Impairment

The carrying value of intangible assets requires judgement as to whether there are any indications of impairment.

Bad debt provision

The provisioning for bad debt requires judgement as to whether to provide for fair share contributions unpaid 60 days after the invoice date.

Cost allocation

Support costs are allocated to charitable activities. Judgement is required in determining and applying the cost drivers appropriate for each support activity.

2. Donations

	Group unrestricted funds 2022 £'000	Group unrestricted funds 2021 £'000	Charity unrestricted funds 2022 £'000	Charity unrestricted funds 2021 £'000
Donations from the utility sector	2,083	196	2,083	196
Other donations	2,954	614	4,498	1,962
	5,037	**810**	**6,581**	**2,158**

Included within the charity's other donations is £1,544,127 (2021: £1,347,519) received from its subsidiary undertakings through Gift Aid Donations.

3. Income from charitable activities

	Restricted funds 2022 £'000	Unrestricted funds 2022 £'000	Total 2022 £'000	Total 2021 £'000
Group				
Debt advice and solutions	**14,420**	**38,403**	**52,823**	**53,504**
Charity				
Debt advice and solutions	**14,420**	**38,403**	**52,823**	**53,504**
Total income for 2021 was:				
Restricted	**11,717**	—	—	—
Unrestricted	**41,787**	—	—	—

4. Income from other trading activities

	Group unrestricted funds 2022 £'000	Group unrestricted funds 2021 £'000	Charity unrestricted funds 2022 £'000	Charity unrestricted funds 2021 £'000
Insolvency services	2,872	3,425	—	—
Equity release services	1,111	956	—	—
	3,983	**4,381**	—	—

5. Investment income

	Group unrestricted funds 2021 £'000	Group unrestricted funds 2020 £'000	Charity unrestricted funds 2021 £'000	Charity unrestricted funds 2020 £'000
Bank interest	25	1	25	1
Intercompany interest receivable	—	—	5	5
	25	**1**	**30**	**6**

6. Other income

	Group unrestricted funds 2022 £'000	Group unrestricted funds 2021 £'000	Charity unrestricted funds 2022 £'000	Charity unrestricted funds 2021 £'000
Commission income from mortgage advisors and insolvency practitioners	47	41	47	41
Other	87	2,239	87	1,990
	134	**2,280**	**134**	**2,031**

7. Expenditure on raising funds: other trading activities

	Group unrestricted funds 2022 £'000	Group unrestricted funds 2021 £'000	Charity unrestricted funds 2022 £'000	Charity unrestricted funds 2021 £'000
Insolvency services	1,913	2,162	—	—
Equity release services	956	911	—	—
	2,869	**3,073**	—	—

8. Expenditure on charitable activities

	Direct costs 2022 £'000	Support & governance costs 2022 £'000	Total 2022 £'000	Total 2021 £'000
Group unrestricted funds				
Debt advice	6,548	11,083	17,631	19,135
Client management	11,489	9,328	20,817	21,829
Promotion of charitable purpose	4,763	1,152	5,916	5,163
Total	**22,800**	**21,563**	**44,363**	**46,127**
Group restricted funds				
Debt advice	9,772	2,868	12,640	12,339
Client management	—	7	7	27
Promotion of charitable purpose	56	—	56	23
Total	**9,828**	**2,875**	**12,703**	**12,389**
Total expenditure on charitable activities	**32,628**	**24,438**	**57,066**	**58,516**
Charity unrestricted funds				
Debt advice	6,548	11,083	17,631	19,135
Client management	11,489	9,328	20,817	21,829
Promotion of charitable purpose	4,763	1,152	5,915	5,163
Total	**22,800**	**21,563**	**44,363**	**46,127**
Charity restricted funds				
Debt advice	9,772	2,868	12,640	12,339
Client management	—	7	7	27
Promotion of charitable purpose	56	—	56	23
Total	**9,828**	**2,875**	**12,703**	**12,389**
Total expenditure on charitable activities	**32,628**	**24,438**	**57,066**	**58,516**

Debt advice costs are defined as the costs incurred in providing debt advice to new clients.

Client management costs are defined as the costs incurred in the management of clients who are provided with debt solutions with the charity.

Promotion of charitable purposes costs are defined as the costs incurred in the promotion of our services to key stakeholders including creditors, funders, clients, public sector bodies and governments.

9. Analysis of support and governance costs on charitable activities

	Debt advice 2022 £'000	Client management 2022 £'000	Promotion of charitable purpose 2022 £'000	Total 2022 £'000	Total 2021 £'000
Unrestricted funds					
IT, digital & change	5,393	4,860	601	10,854	10,797
Corporate services	3,533	2,773	342	6,648	5,833
People services	1,956	1,537	190	3,683	3,314
Governance	201	158	19	378	349
Total	**11,083**	**9,328**	**1,152**	**21,563**	**20,293**
Restricted funds					
IT, digital & change	2,867	7	—	2,874	2,725
Corporate services	—	—	—	—	20
People services	1	—	—	1	16
Total	**2,868**	**7**	—	**2,875**	**2,761**
Total support and governance costs	**13,951**	**9,335**	**1,152**	**24,438**	**23,054**

The Support costs have been allocated to the charitable activities on the basis of employee numbers except for the amortisation of the Pulse system which has been allocated fully to debt advice costs.

The functional area costs include directly attributable costs (e.g. staff costs, IT licensing costs, recruitment costs) and allocations of shared overhead costs (e.g. premises rentals) on the basis of employee numbers.

Corporate Services costs comprise the costs of the Executive team, Finance, Risk and Compliance, plus the balance of central overheads which cannot be attributed to a single area. People Services costs comprise the Human Resources and Training teams.

Governance costs comprise internal and external audit costs and the management cost of preparing for and attending trustee board meetings.

10. Auditors' remuneration

	Total 2022 £'000	Total 2021 £'000
Fees payable to the charity's auditors		
Audit of the financial statements (charity)	59	53
Audit of the financial statements (subsidiaries)	19	17
Other assurance services	34	38
Tax advisory services	13	28
	125	**136**

11. Operating Surplus

	£'000
The surplus for the year is stated after charging:	
Depreciation	826
Amortisation	2,059

12. Employees

	2022 No.	2021 No.
i) Average number of persons employed by the group		
Debt advice	499	607
Client management	389	477
Promotion of charitable purposes	55	50
Insolvency services	54	59
Equity release services	20	21
Support services	232	236
	1,249	**1,450**

The total average full time equivalent (FTE) numbers in 2022 were 1,189 (2021: 1,388).

	2022 No.	2021 No.
ii) Staff costs		
Wages and salaries	34,253	38,972
Social security costs	3,584	3,781
Pension costs	2,670	1,938
Other payroll related benefits	235	279
	40,742	**44,970**

The remuneration of key management personnel (members of the Executive team) is £1,316,390 (2021: £1,316,000). The total remuneration of the Chief Executive Officer was £213,364 in 2022 of which £194,826 comprises basic salary (2021: total remuneration £208,719 and basic salary £186,258). The Chief Executive Office is not a member of the contributory pension scheme and total remuneration includes a payment in lieu of pension contributions of £12,664 (2021: £12,276).

The remuneration of higher-paid staff, excluding pension contributions, fell within the following ranges:

	2022 No.	2021 No.
£60,001 – £70,000	15	12
£70,001 – £80,000	7	9
£80,001 – £90,000	7	6
£90,001 – £100,000	1	2
£100,001 – £110,000	2	1
£110,001 – £120,000	1	3
£120,001 – £130,000	3	2
£130,001 – £140,000	1	1
£140,001 – £150,000	—	—
£150,001 – £160,000	—	—
£160,001 – £170,000	—	—
£170,000 – £180,000	—	1
£180,000 – £190,000	—	—
£190,001 – £200,000	—	—
£200,001 – £210,000	—	1
£210,001 – £220,000	1	—
Total	**38**	**38**

Contributions were made to defined contribution schemes for a total of 36 (2021: 36) of higher-paid employees.

13. Trustees

Prior to the current Chair's appointment, a written order was approved by the Charity Commission for a "regulated alteration" to the Articles of Association to permit remuneration to the Chair of the Board and a special resolution to amend the Articles was passed in April 2019.

In line with this approval, the Chair of the Board of Trustees, John Griffith-Jones received remuneration of £12,000 in the year. No additional benefits or pension contributions were paid.

None of the remaining Trustees (or any persons connected with them) received any remuneration during the year. Two of the Trustees were reimbursed for out of pocket expenses incurred in attending Trustee meetings totalling £839 (2021: One Trustee reimbursed for expenses totalling £255)

Indemnity insurance is taken out to provide liability cover to protect any charity Trustee, employee or officer from claims arising against them as a result of an actual or alleged 'wrongful act' when performing the scope of their regular duties. The cost of providing this insurance is £19,530 (2021: £26,817).

14. Intangible assets

	Group £'000	Charity £'000
Cost		
At 1 January 2022	8,236	8,236
Additions	—	—
At 31 December 2022	**8,236**	**8,236**
Accumulated Amortisation		
At 1 January 2022	4,633	4,633
Charge for the year	2,059	2,059
At 31 December 2022	**6,692**	**6,692**
Net book value		
At 31 December 2022	**1,544**	**1,544**
At 31 December 2021	**3,603**	**3,603**

All intangible assets relate to internal software development.

15. Tangible assets

	2022		2021	
	Group £'000	Charity £'000	Group £'000	Charity £'000
Cost				
At 31 December (Previous year)	10,276	9,851	8,281	7,856
Additions	200	200	2,265	2,265
Disposals	(4,942)	(4,517)	(270)	(270)
At 31 December	**5,534**	**5,534**	**10,276**	**9,851**
Accumulated Depreciation				
At 31 December (Previous year)	7,652	7,227	6,903	6,478
Charge for the year	826	826	907	907
Disposals	(4,868)	(4,443)	(158)	(158)
At 31 December	**3,610**	**3,610**	**7,652**	**7,227**
Net book value				
At 31 December 2022	**1,924**	**1,924**	**2,624**	**2,624**
At 31 December 2021	**2,624**	**2,624**	**1,378**	**1,378**

All tangible assets are fixtures, fittings and equipment and Computers.
The assets with zero net book value were written off in 2022.

16. Investments

Charity	2022 £	2021 £
Subsidiary undertakings	**5,001**	**5,001**

	Company registration	Activities	2022 £	2021 £
Subsidiary undertakings as at 31 December				
Consumer Credit Counselling Service (Voluntary Arrangements) Ltd	05659160	Insolvency services	1	1
Consumer Credit Counselling Service (Equity Release) Ltd	06741879	Advice for Equity Release and Mortgages	5,000	5,000
Debt Remedy Ltd	07869502	Dormant	—	—
StepChange Equity Release Ltd	08056301	Dormant	—	—
StepChange Financial Solutions Ltd	08561006	Dormant	—	—
StepChange Voluntary Arrangements Ltd	08056168	Dormant	—	—
			5,001	**5,001**

The registered office for all group companies is 123 Albion Street, Leeds, LS2 8ER.

Foundation for Credit Counselling held a 100% interest in all of the subsidiary undertakings. A summary of the results and balance sheet of the subsidiaries are given below:

	2022 £'000	2021 £'000
Consumer Credit Counselling Service Voluntary Arrangements Limited		
Turnover	2,872	3,557
Cost of sales	(1,278)	(1,488)
Gross profit	1,594	2,069
Administrative expenses	(635)	(673)
Profit for the financial year	**959**	**1,396**
Assets	1,243	1,661
Liabilities	(284)	(271)
Shareholders' funds	**959**	**1,390**

Consumer Credit Counselling Service (Equity Release) Limited		
Turnover	1,111	1,072
Cost of sales	(956)	(911)
Operating profit	155	161
Interest payable	(5)	(6)
Profit for the financial year	**150**	**155**
Assets	646	545
Liabilities	(500)	(394)
Shareholders' funds	**146**	**151**

17. Debtors

	Group 2022 £'000	Group 2021 £'000	Charity 2022 £'000	Charity 2021 £'000
Due within one year				
Trade debtors	5,471	5,056	4,526	4,012
Prepayments and accrued income	5,089	4,163	5,065	4,132
Other debtors	57	38	56	36
Amounts owed by group undertakings	—	—	410	334
	10,618	**9,257**	**10,057**	**8,513**
Due after more than one year				
Amounts owed by group undertaking	—	—	**200**	**200**
Total	**10,618**	**9,257**	**10,257**	**8,713**

The amount owed by a group undertaking after more than one year is a loan of £200,000 (2020: £200,000) made to Consumer Credit Counselling Service (Equity Release), a trading subsidiary of Foundation for Credit Counselling. Interest is charged at a rate of 2.50% and is subject to annual review. The loan is repayable on any date agreed in writing between the parties or within 30 days of receipt of a written request from the Lender (which the Lender agrees it will only serve on the Borrower if, in the reasonable opinion of the Lender, the Borrower has financial resources available to it to repay the Loan at that time). The trustees do not currently envisage either event to crystallise within 12 months of the balance sheet date.

18. Cash and cash equivalents

	Group 2022 £'000	Group 2021 £'000	Charity 2022 £'000	Charity 2021 £'000
Cash and cash equivalents				
Cash balances	11,631	7,120	10,712	5,991
Bank deposits	—	—	—	—
Total cash and cash equivalents	**11,631**	**7,120**	**10,712**	**5,991**

19. Creditors: amounts falling due within one year

	Group 2022 £'000	Group 2021 £'000	Charity 2022 £'000	Charity 2021 £'000
Creditors: amounts falling due within one year				
Trade creditors	1,343	743	1,307	715
Other taxes and social security costs	936	761	918	743
Accruals and other creditors	2,791	2,239	2,671	2,154
	5,070	**3,743**	**4,896**	**3,612**

20. Operating lease commitments

	Land and buildings 2022 £'000	Other 2022 £'000	Total 2022 £'000	Total 2021 £'000
The charity is committed to minimum lease payments under non-cancellable operating leases expiring:				
Within one year	1,575	40	1,615	227
Between one and five years	5,033	1	5,034	1,154
After five years	—	—	—	7,205
	6,608	**41**	**6,649**	**8,586**
Net expenditure for the year before taxation is stated after charging				
Operating lease charges	**1,645**	**135**	**1,780**	**2,203**

21. Movements in unrestricted funds

	At 1 Jan 2022 £'000	Incoming resources £'000	Outgoing resources £'000	At 31 Dec 2022 £'000
Group				
Unrestricted reserves	17,392	47,582	(47,235)	17,739
Landlord contribution	1,663	(277)	—	1,386
Reserves including landlord contribution	**19,055**	**47,305**	**(47,235)**	**19,125**
Charity				
Unrestricted reserves	15,856	45,148	(44,366)	16,638
Landlord contribution	1,663	(277)	—	1,386
Reserves including landlord contribution	**17,519**	**44,871**	**(44,366)**	**18,024**

Previous Year	At 1 Jan 2021 £'000	Incoming resources £'000	Outgoing resources £'000	At 31 Dec 2021 £'000
Group				
Unrestricted reserves	17,334	49,259	(49,201)	17,392
Landlord Contribution	—	(277)	1,940	1,663
Reserves including landlord contribution	**17,334**	**48,982**	**(47,261)**	**19,055**
Charity				
Unrestricted reserves	16,002	45,982	(46,128)	15,856
Landlord Contribution	—	(277)	1,940	1,663
Reserves including landlord contribution	**16,002**	**45,705**	**(44,188)**	**17,519**

22. Movements in restricted funds

	At 1 Jan 2022 £'000	Incoming resources £'000	Outgoing resources £'000	At 31 Dec 2022 £'000
Group and charity				
MaPS	—	11,169	(11,169)	—
Ireland - Advice	—	—	—	—
Scottish Ministers	27	1,135	(1,162)	—
Welsh Ministers	—	116	(116)	—
Natwest	—	2,000	(200)	1,800
Gambling Commission - Betway	56	—	(56)	—
	83	**14,420**	**(12,703)**	**1,800**

Previous Year	At 1 Jan 2021 £'000	Incoming resources £'000	Outgoing resources £'000	At 31 Dec 2021 £'000
Group and charity				
MaPS	14	10,574	(10,588)	—
Ireland - Advice	302	(302)	—	—
Scottish Ministers	156	1,207	(1,336)	27
Welsh Ministers	—	174	(174)	—
Barclays Execution Services Limited	283	—	(283)	—
Gambling Commission - Betway	—	64	(8)	56
	755	**11,717**	**(12,389)**	**83**

MaPS Grant

FCC continued to receive grant funding from the Money and Pension Service (MaPS) to support advice provided by both telephone and digital channels for the period up to 31st Jan 2023. Following the impact of the COVID-19 pandemic, additional grant funds were made available to mitigate core income stream reductions and protect advice capacity.

Scottish Ministers

FCC received funding under two agreements from the Scottish Ministers. Firstly, for the provision of a telephone debt advice service to indebted individuals for a 1 year period from the 1st April 2019 and subsequently the provision of a specialist debt service with a particular focus on vulnerable clients for the period from 30th May 2019 to 31st March 2020. Both of these agreements were renewed up to 31st March 2023 and an additional agreement was also entered into to increase the support for vulnerable clients as well as building on knowledge and providing training to colleagues on certain key areas.

Welsh Ministers

FCC received funding for the provision of a telephone debt advice to indebted individuals for a 1 year period from the 1st April 2019 from the Welsh ministers. This agreement was renewed up to 31st March 2023.

Natwest Grant

StepChange received a £2m grant from Natwest to provide a national debt advice service for Natwest's business customers. This is a two-year pilot, in which StepChange will provide debt advice and share customer outcomes data.

Gambling Commission - Betway

StepChange received funding from Betway and the Gambling Commission to provide a research project into the effects of gambling of peoples financial health. The project was in partnership with Bristol University and completed in 2022.

The summary of the assets and liabilities for the total restricted funds, disclosed by contract and the total unrestricted funds at 31 December 2022 is shown overleaf.

Net Assets by Funds	MaPS	Scotland £'000	Wales £'000	Natwest £'000	Betway £'000	Total restricted £'000	Total unrestricted £'000	Total funds £'000
Fixed Assets								
Intangible assets	—	—	—	—	—	—	1,544	1,544
Tangible assets	—	—	—	—	—	—	1,924	1,924
	—	—	—	—	—	—	**3,468**	**3,468**
Current Assets								
Debtors	—	—	—	—	—	—	10,618	10,618
Cash at bank and in hand	—	—	—	1,800	—	1,800	9,831	11,631
	—	—	—	**1,800**	—	**1,800**	**20,449**	**22,249**
Creditors: Amounts falling due within one year	—	—	—	—	—	—	(5,070)	(5,070)
Net Current Assets	—	—	—	**1,800**	—	**1,800**	**15,379**	**17,179**
Creditors: amounts falling due after one year	—	—	—	—	—	—	(1,108)	(1,108)
Net Assets	—	—	—	**1,800**	—	**1,800**	**17,739**	**19,539**

23. Related party disclosures

On a consolidated basis, there were no (2021: none) transactions undertaken with related parties during the year. The charity provided a loan of £200,000 (2021: £200,000) to Consumer Credit Counselling Service (Equity Release). The details are disclosed within note 17.One of StepChange's Trustees, Nick Caplan is also a Director at Vitality Health Limited. A total amount of £38,880 was paid to Vitality Health Limited by StepChange in the year 2022 for employee health services. There were no other related party transactions in either year.

24. Pension costs

The charity operates defined contribution pension schemes. The assets of the schemes are held separately from those of the company, being invested with insurance companies as per the employee's instructions. The pension cost charge represents contributions payable by the charity to the pension funds and amounted to £2,666,904 (2021: £2,750,191). At the year end the pension creditor amounted to £283,682 (2021: £265,322).

25. Creditors: amounts falling due after more than one year

	Group 2022 £'000	Group 2021 £'000	Charity 2022 £'000	Charity 2021 £'000
Creditors: amounts falling due after one year				
Accruals and other creditors	1,108	1,386	1,108	1,386
	1,108	**1,386**	**1,108**	**1,386**

Thank you to our supporters

Each of these organisations supported us financially in 2022, and many worked with us on policy to improve the debt landscape. We'd like to express our gratitude for their support, without which our work would not be possible.

118 118 Money
Aberdein Considine & Co
Acument Mortgages
Affinity Water
Amber Energy
American Express
Anglian Water
Arrow Global
Bamboo
Barclays
Bristol & Wessex Water
British Gas
Cabot Credit Management
Capital One
Capital Resolve
CARS
Clarion Housing
ClearScore
Compare the Market
Computershare
Co-operative Bank
Creation Financial Services
Credit Style
Damart
E.ON
Elderbridge
Essex & Suffolk Water
Experian
Freeman Grattan Holdings
Go Debt
Green Energy
H&T Pawnbrokers
Hoist
Home Retail Group
Hoopers Department Store
HSBC Bank
Ikano Bank
Intrum
JAJA Finance
Key Retirement Solutions
Klarna
Lantern
Leeds Building Society
Lendable
Link Financial
Lloyds Banking Group
Loop Customer Management
Lowell Financial
M&S Money
Marston Group
Mazars
McCambridge Duffy
Money and Pensions Service
Moneybarn
Moneyline
Monzo Bank
Moorcroft Debt Recovery
Morses Club
N Brown
Nationwide
NatWest
NewDay
Northumbrian Water
Novuna
OVO Energy
Paragon
Pega
PRA Group
Provide Community
Redcats
Royal Bank of Scotland
RSA Insurance Group
Sainsburys
Sainsburys Bank
Santander
Scottish Government
Scottish Power
Secure Trust Bank
Sesame Services
Shell Energy
Snap Finance
SteadyPay Limited
StepChange Financial Solutions
StepChange Voluntary Arrangements
TBI Financial Services
Tech Mahindra
Tesco Bank
Thames Valley Housing
The Blyth Watson Charitable Trust
The Very Group
Thesis
TSB
Ulster Bank
United Utilities
Utilita Energy
Vanquis
Welsh Government
Welsh Water
Wescot
West Cumbria Community Money Advice
X-Lab
Yorkshire Bank
Zenith

StepChange Debt Charity

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FOUNDATION FOR CREDIT COUNSELLING

England & Wales - Charity number 1016630

Accounts

StepChange Debt Charity

Putting clients first

Annual Report and Accounts 2021



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Overview







Chair's statement

It almost feels clichéd to reflect now on the surprise and difficulty many people faced as, last year, we entered the second year of a global pandemic. The country had entered its third punitive lockdown that closed the economy in many areas to protect our health.

Since then we've emerged to whatever it is we all consider to be a new normal. Some sectors have bounced back rapidly, others face a longer-term challenge. Many in the middle ground, StepChange included, are embracing changed patterns of client need, different ways of working, and more flexible arrangements for colleagues as they seek to move forward.

What also became clear last year was that as the pandemic began to subside (in terms of restrictions, if not cases), we would start to face a new threat to livelihoods. Inflation – a challenge many believed had been confined to bygone decades – began to re-emerge as the price of everything from food to energy began to creep up.

Among our clients who already struggle to make ends meet, any increase in prices can be the difference between balancing the budget or falling further behind. Towards the end of 2021 we started to see that concern and worry materialise as more people got in touch for guidance about how to budget better or talk to a utility provider. And whilst, in 2021, that didn't result in full debt advice volumes returning to pre-pandemic levels, our advisors tell us every day that our clients' households are balancing on a financial precipice.

The year also presented us with some challenges. The widely anticipated surge in demand for debt advice as a result of the pandemic never materialised, thanks in no small part to the combined actions of government, regulators and creditors. We found ourselves needing to take some quite painful cost reduction measures to bring capacity in line with demand and to maintain a robust financial position. At the same time the Money and Pensions Service, one of our core funders, launched its process to replace their grant-based funding with a competitive procurement process, the outcome of which we still await. We are doubly grateful to our staff, our creditor funders and our other partners who have continued to support us throughout.

What this report also shows, as I am proud to say it does every year, is that there is a lot more to StepChange than its numbers. It is the individual real-life outcomes that really matter. We are proud that we make a real difference to so many people's lives, many of whom are struggling not just with financial concerns, but issues with their mental health, housing stability or just their ability to put food on the table.

And whilst we have an aspirational vision of creating a society free from problem debt, for the next few years at least we are going to have our hands full helping those people who still find themselves in difficulty.



John Griffith-Jones
Chair





CEO statement

Last year, for many of us, was a more challenging and trying year in some ways than the one that preceded it. As the pandemic dragged into its second year, the impact of distance from family and friends, and ongoing restrictions and health worries took its toll on people across the country.

And of course, as parts of the economy remained shuttered, the impact was felt on people's finances. At the end of 2021, our polling suggested that one in three people struggled to keep up with bills and credit commitments – double the pre-pandemic number.

While we have seen a significant increase in enquiries in the second quarter of 2022, these figures did not translate into a surge in demand for debt advice in 2021. Volumes of new clients helped by StepChange remained below the level that we saw before the pandemic. We know that for many, temporary measures, such as payment 'holidays' and forbearance has delayed the problem – kicking the financial can down the road. But for others, the respite given by lower expenditure and support measures may have helped them step back from a financial precipice.

However, one thing is for certain. Those who are coming to us for debt advice are increasingly presenting with more complex problems; multiple issues spanning not just their finances but also their housing, their ability to put food on the table and their mental health. In 2021, a record number of our clients disclosed an additional vulnerability of some sort, on top of their financial problems.

These different dynamics are also putting additional pressures on our advisers and our finances. In 2021 StepChange had to go through a difficult but sadly necessary reduction in colleague numbers as our funding suffered a drop due to the pandemic. Throughout this, our colleagues did not once waver in their commitment to supporting our clients and this Impact Report is a tribute to them. We are hoping for greater multi-year certainty of funding from 2023 through Money and Pensions Service commissioning.

This report is a chance to reflect with a great deal of pride on what we have achieved as an organisation. Three million clients reached in total, with some 336,947 clients guided and 157,905 clients going through full debt advice. That is no mean feat and shows our ongoing impact on a daily basis.

We've also continued to raise awareness of the issue of problem debt – with a blockbuster year of media coverage and reach. We made great progress in shaping the political response to the pandemic by advocating on behalf of our clients – particularly those reliant on Universal Credit and those in the rental sector.

And we forged some fantastic new collaborations with our partners – without whom none of this could be possible.

As we progress through 2022, we know the world will continue to change at a rapid pace. In March 2022 we launched our new organisational strategy – Stepping Up in a Changing World – which sets out how we will respond to a new landscape, whilst continuing to put our clients at the heart of everything we do. There's a lot to do and a lot to still be understood about what's changed as we emerge from the pandemic.

But as this Impact Report shows, with the level of commitment and dedication that we have among our colleagues and supporters, we're ready for the challenge.



Phil Andrew
Chief Executive Officer

Impact report



Our five-year strategy

Despite the continued pressures of the pandemic, we continued to make progress in 2021 against many of our goals and objectives in the final year of our Stepping Forward strategy.

We continued to:

Help people by...

- Investing in both our online and telephone services
- Offering a full range of recommendations and solutions to clients, based entirely on their needs
- Providing information and advice to support early intervention to prevent more people reaching problem debt
- Maximising efficiency and working with our partners to deliver value and impact

We're continuing to develop by:

- Working with partners to improve access to and delivery of services and create joint policy initiatives to reduce the harm of problem debt
- Refreshing our Leadership framework to define what we want our leaders to be before rolling out a new Leadership Programme in 2022
- Developing a new Equality, Diversity and Inclusion Strategy
- Supporting colleagues with a new wellbeing programme
- Continuously analysing and adapting our advice model so that we keep on mitigating the effects of Covid-19 and the increased cost of living on our clients throughout 2022

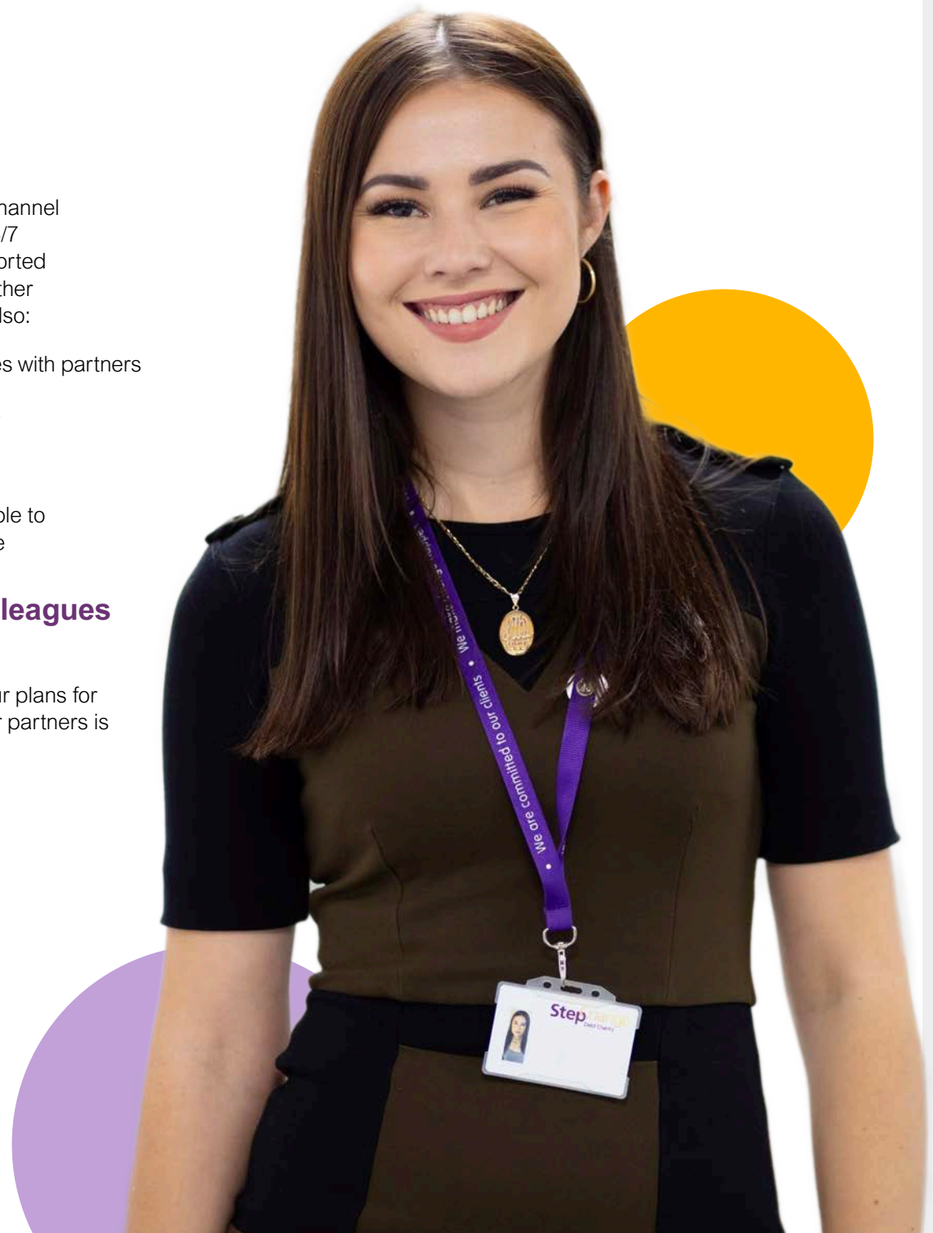
Respond to our clients' changing needs…

We've continued to optimise our multi-channel debt advice services, helping clients 24/7 through our online advice service supported when needed by our expert advisors either over the phone or by web chat. We've also:

- Established new collaborative services with partners
- Secured new funding streams across England, Scotland and Wales
- Campaigned to reduce the stigma of problem debt, so more people feel able to access support without fear or shame

Work together with our colleagues and partners…

Our colleagues are the foundation of our plans for the future and working together with our partners is central to everything we do.



Our purpose

As the UK's leading debt charity, we are contacted by hundreds of thousands of people a year online and by phone, across all nations and regions. Our purpose is to provide holistic support for all people experiencing problem debt.

We work in partnership with a broad network of organisations – from mental health charities to income support services to achieve that purpose. For those we can't help directly, we offer triage and information to ensure they receive the support they need.

Our vision

Our vision is to create a society free from problem debt.

Problem debt is not just an issue for individuals but goes much further - it damages families and communities.

By helping those in debt get back on their feet, and by campaigning for policies that aim to prevent problem debt, we can help to overcome the difficulties that debt creates for our society in the 21st century.

Our mission

We provide free debt advice and solutions for people at risk of or struggling with problem debt and we seek to influence public policy and private sector practice to prevent people falling into problem debt in the first place.

Key achievements

Launching our Client Activation Portal helped clients quickly apply for a debt solution and manage their plan online

We almost doubled the number of organisations using our digital referral and call back service, making it easier for partners to refer clients to debt advice

We were among the first to provide access to statutory Breathing Space

Our Covid Debt Rescue campaign contributed to the government releasing £65m in funds to support those in problem debt

Our partnership with IncomeMax helped hundreds of clients to increase their income

Our pilot with The Trussell Trust helped our advisors offer free food parcels for clients in need of emergency support

More than 80% of our colleagues gave our new flexible home working policy a positive rating

Becoming the first provider to offer multi-channel debt advice through StepChange Your Way, allowing clients to switch between online, phone and webchat

Winning five industry awards: three senior leaders recognised in the Credit 500 Index, a Financial Services Forum Innovation Award for our Covid Payment Plan as the 'Most Innovative New Product', a Smart Money People Consumer Credit Award for 'Best Financial Support Provider' and we were awarded the Credit Strategy TRI Awards 'Personal Debt Solution Provider of the Year'



We made good progress against our objectives in 2021, which was the final year of our five-year strategy *Stepping Forward*.

Objective 1: High quality debt advice and solutions meeting client need

Our first objective is to provide the highest quality debt advice and solutions for people struggling with problem debt and its associated challenges

Key achievements

1 StepChange Your Way: seamless, multi-channel debt advice

Last year we established ourselves as the only provider to offer a multi-channel debt advice service, from advice all the way through to solution set up. We give clients the opportunity to switch between online and phone advice whenever they need to and access debt advisor webchat. Our research shows that our clients value this flexibility, and we believe it's vital to help clients access advice at a time that suits them, through the channel of their choice. We're also the only provider to allow clients to access online debt advice anonymously, offering the confidentiality that many require.

> "I used the online tool to understand which debt solutions might be right for me and then called up to put everything in place. Going through debt advice was a huge relief."

● Dean, StepChange client

2 Leading access to statutory Breathing Space

After years of campaigning, we gave clients access to statutory Breathing Space in May 2021, rapidly embedding it within our client journey and connecting up with the Insolvency Service portal ahead of the rest of the sector. We worked closely with the Insolvency Service and listened to and acted on creditor feedback, refreshing the client journey to both improve the data entered by clients, and make locating clients on creditor systems easier.

From 4 May, when Breathing Space launched, to 31 December 2021, we saw 27,543 clients apply to the scheme, representing between 7% and 9% of those seeking advice from us. Around 90% of those clients have gone on to complete full debt advice compared to around 25% of clients that did not apply. Breathing Space clients are also around two to three times more likely to go on to take up a debt solution than clients that did not access it. This suggests that these protections give people more encouragement to stay engaged with debt advice and get the debt solution they need.



79% of clients said they would recommend Breathing Space



80% highly rated the application process with StepChange

3 Enhancing our focus on vulnerable clients

In 2019 we saw 44% of our clients disclosing at least one additional vulnerability on top of their financial vulnerability, and this increased by more than 10% by June 2021 – making the vulnerability agenda even more critical.

In 2021 we enhanced our focus on vulnerability by delivering training modules for 100% of debt advisors focused on supporting clients at risk of harm. This included clients experiencing domestic abuse and those in contact with illegal money lenders.

Last year we also began refreshing our Vulnerability Strategy, working closely with creditors to understand their approach to vulnerability to ensure we can take a joined-up, holistic approach to supporting clients. Our new strategy will help us focus on building more partnerships with specialist organisations to ensure clients achieve the best outcomes from our service.

> "It's really common for people with neurodisabilities to find financial management difficult... even though some of us can look as if we are coping. I think StepChange saves lives. We all mess up. But they are there to help and they won't judge you."

● Sarah, StepChange client

4 Our impact across Scotland, Wales and Northern Ireland.

In 2021 we helped more than 15,000 clients to access debt advice and solutions across Scotland and Wales. In addition, to enable us to support a growing client base, we won over £1 million to deliver the Scottish Government's multi-channel debt advice service, alongside £116k from the Welsh Government. We are deeply grateful for the support both the Scottish and Welsh Governments in helping us to deliver our mission, and we are strengthening our partnerships with organisations across Scotland and Wales to make sure we can support as many clients in the regions as possible.

StepChange provided full debt advice to 1,437 clients in Northern Ireland, which represents around 10 in 10,000 of the population in Northern Ireland. This is lower than other areas of the UK, which is due to the charity's lower presence as part of the wider debt advice provision in Northern Ireland.

Key facts and figures



3 million clients reached in total (-9%)*



Over **500,000** clients guided, advised or supported in total



336,947 clients guided (+53%)**



157,905 clients advised (-20%)***



39,130 clients supported (-4%)****



£402 million of debt was repaid by clients (-1.3%)



24,463 clients became debt free from problem debt with our support (+2%)

*The number of people who have visited our website or called our phoneline for information or support with their money or problem debt

**The number of people who've used a StepChange money guidance or advice tool to support them with budgeting, income or to identify what support they'll need with problem debt

***The number of people who have completed full debt advice or received emergency advice or support

****The number of people who've started or remain on a StepChange supported or recommended debt solution

Sarah’s story

I had quite a difficult upbringing, and after my parents divorced, I ran away from home. I ended up living off benefits whilst doing my A Levels as I was living away from my family. Other than the benefits, I didn’t have much support, which meant that I didn’t develop good financial habits, and it didn’t pave the way for my future very well.

For as long as I can remember, I would go round in circles, working out a budget, but then suddenly blowing it all, and having to start again. It didn’t matter how many times I re-worked my finances - I would just keep overspending.

> I just kept telling myself that I had it all under control, but my debts were creeping up dramatically over time.

I’d heard of StepChange through word of mouth and hearing people mention it on the TV, so my husband encouraged me to get in touch.

I picked up the phone and spoke to a debt advisor and explained my situation. They were really kind, non-judgemental and supportive, and patiently told me about all of the different options available

> It’s not easy facing up to the mess you’ve made with your finances. But StepChange made it a lot less painful and have been there for me every step of the way.

It’s made such a difference to my life and I feel much more in control of my finances. I’m now halfway there with paying back my debt and I wouldn’t have been able to do it without StepChange.

I think StepChange saves lives. We’re all human, we all mess up. But they are there to help and they won’t judge you.



Objective 2: Meaningful collaboration and efficiency

Our second objective is to build even stronger partnerships with organisations across the sector and be the most efficient provider of free debt advice and solutions

Key achievements

1 Strengthening our partner network

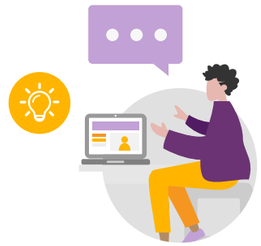
As the difficulties faced by clients have expanded, we have grown our network of partners to provide holistic support to our clients with problem debt and wider challenges.

In 2021 we initiated pilots with the Trussell Trust and IncomeMax to provide specialist support for our most vulnerable clients. So far, we've started helping our clients access food vouchers through the Trussell Trust partnership, and we've begun referring vulnerable clients for detailed income maximisation sessions with IncomeMax.

As we continue to diversify our funding across the UK, we seek to provide maximum quality and value for money to our funders, with an ambitious change roadmap which will drive further efficiencies, service enhancements and improved management information and reporting.

> "Thank you very much – they approved my PIP. I'm so glad we spoke."

● Client who had his Personal Independence Payments (PIP) reinstated after speaking to IncomeMax



2 Expanding the organisations digitally referring to debt advice

Last year we had more than 90 organisations using our digital referral and call back service which allows frontline staff to refer customers to debt advice quickly and easily. Feedback from creditors has been excellent, with referrers commenting that the Easy Referral Form saves their advisors time and has helped to improve the transition to and take up of debt advice.

We have now expanded this service to help us look at both a client's secured lending alongside their unsecured debt, helping creditors' mortgage teams to refer their customers to mortgage advice and improving the client journey. We provide our partners with detailed performance related data so that they have a clear understanding of the number of people they refer to us and also, most importantly, the outcomes for their customer base.

> "Due to the digital referral form being easily accessible and user friendly, our agents have embraced the change and we are now seeing three- or four-times higher referral volumes into StepChange than this time last year."

● Customer service agent, national building society

3 Rapid, digital access to debt solutions

In 2021 we launched our Client Activation Portal, helping clients quickly and easily apply for a debt solution online. Now accessible to 100% of clients applying for a Debt Management Plan, Token Payment Plan and Debt Payment Programme, the portal enables clients to upload their documents and quickly and easily check in on progress.

We also launched the Fast Dox Client Portal last year, helping clients complete their Individual Voluntary Arrangement (IVA) journey via their mobile phones. More than 87% of clients on an IVA used the portal, and as a result, we have seen the average time it takes for clients to complete their IVA journey reduced from 84 to 40 days.

> "The (Fast Dox) portal is great. I have been able to book my appointment so quickly, at a date and time that suits me. It's been good to read all of the information before my appointment, so I understand more about an IVA and my options."

● Client using the Fast Dox Portal

4 Support from major funders

We would like to extend our thanks to the Money and Pensions Service (MaPS), one of our key funders. MaPS enable us to continue delivering debt advice services through telephony, online and multi-channel routes, and providing clients with help to apply for Debt Relief Orders. As well as our funding relationship, we are part of the Money Advisers Network (MAN) which delivers advice as part of the MaPS PACE pilot. We are currently engaging with MaPS on their work to design and implement a new quality framework for debt advice organisations.

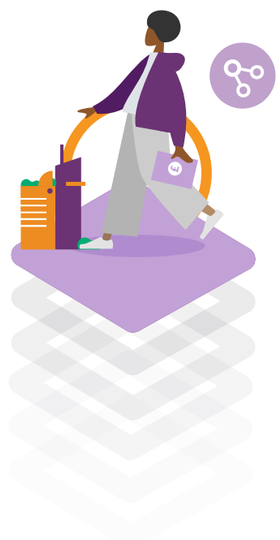
Key facts and figures

We launched **two new** digital pilots with partner organisations

We onboarded **97 partners** to the digital referral and call back service

14,916 clients used the Client Activation Portal

87% of clients on an IVA used the Fast Dox Portal



Objective 3: Campaigning to reduce the harm of problem debt

Our third objective is to champion the cause of people in, and at risk of, problem debt by campaigning for change in public policy and private sector practice

Key achievements

1 Campaign win: Covid Debt Rescue

Our research on the financial impact of the pandemic estimated that 460,000 private tenants would accrue arrears and be vulnerable to eviction in 2021. In response we joined forces with housing and advice charities to launch Covid Debt Rescue, a campaign calling for a package of emergency financial support. This saw the Government release an additional £65 million of funds.

> The additional £65 million of support for low-income earners is welcomed. While more will be needed, it should reduce the immediacy of the mounting eviction pressure facing the most vulnerable households.

● Peter Tutton, Head of Policy, Research and Public Affairs at StepChange

2 Campaign win: New bailiff oversight body

In 2021, together with our Taking Control campaign partners, we began talks with representatives of the enforcement sector to develop a framework for a new independent bailiff oversight body to ensure those in problem debt are treated fairly. We look forward to seeing it launch in 2022.

> In the absence of statutory regulation, this collaboration between the debt advice and enforcement sectors should help to address the poor practice that has characterised too many people's experiences with bailiffs.

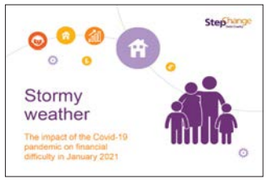
● Peter Tutton, Head of Policy, Research and Public Affairs at StepChange

3 Campaign win: Progress on credit and financial services regulation

StepChange has long campaigned for action against misleading online advertisements from debt solution lead generators and the referral fees that drive bad practice. So, in 2021, we welcomed action by the Financial Conduct Authority (FCA) to stop debt packager firms from taking referral fees.

We argued for a duty of care to be introduced by the Financial Services Act, and that legislation resulted in the FCA consulting on a new Consumer Duty that should help address key drivers of problem debt.

Key reports in 2021: Insight and data to drive change



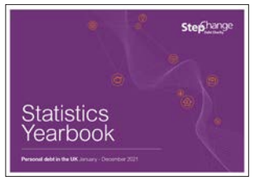
Stormy Weather

Our report highlighted deepening hardship experienced by people financially affected by the pandemic.



The True Cost of Tax Credit Overpayments

Our report linked unaffordable benefit deductions to the need for improvements in public sector debt management practice.



Consultation responses and client data reports

Our Statistics Yearbook, monthly client data reports, and consultation responses gave regular updates on the scale and nature of problem debt.



Scotland in the Red

Scotland in the Red demonstrated the extent of problem debt particularly on vulnerable clients in Scotland through the pandemic.

Key facts and figures

Three major campaign wins

14+ consultation responses

Provided Secretariat services for the APPG on debt and personal finance

Joint research published with organisations such as Money Advice Trust and Shelter

Objective 4: Testing out prevention alongside cure

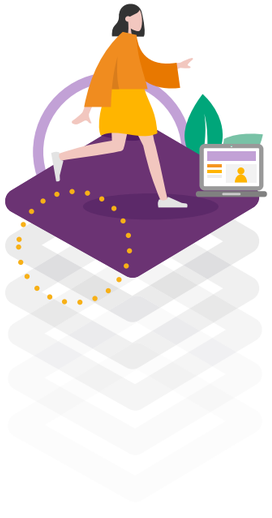
Our fourth objective is to educate and inform people through our services to enable them to manage their money better and recover from problem debt

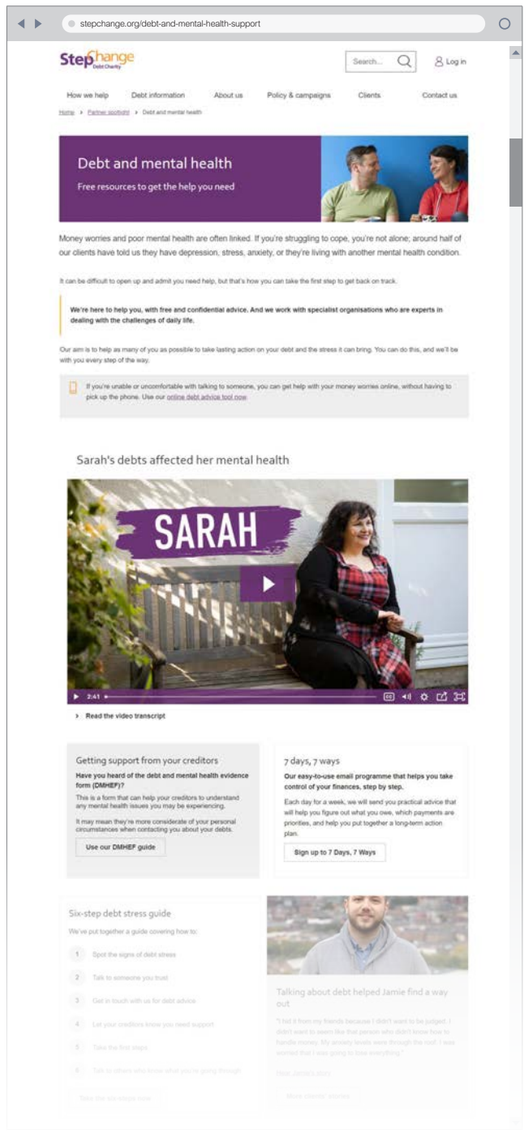
Key achievements

1 Rapid, real-time information and support

As the pandemic continued to impact people's finances, we updated our website in immediate response to changes to the support measures from the government and creditors. We also expanded our guidance on dealing with specific issues such as council tax arrears, County Court judgments and government debts.

We know that reassurance is vital to people seeking help with their debt problems, so we put our clients' stories front and centre on the website, adding a range of videos communicating first-person real-life experiences to help clients feel less alone.





2 Launch of new debt guide for Scotland

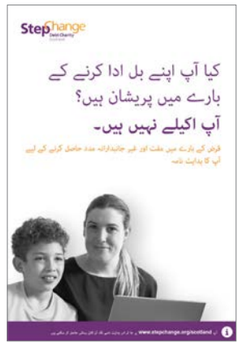
With support from the Scottish Government, we launched a new print and digital guide to debt advice in Scotland, which offers an insight into the advice process and how StepChange and a range of other organisations can help. The guide, produced in English, Urdu, Punjabi and Polish, has the potential to be used by creditors, charities and community organisations across Scotland to encourage people to seek debt advice and support referrals.

> As more Scots find themselves in need of support from a free debt advice charity, the Scotland Debt Guide will provide them with a clear starting point on the road to recovery.

● Sharon Bell, Head of StepChange Scotland







Key facts and figures

6m visited our website

1.43m users of our website and MoneyAware debt advice blog*

49,000 users of our welfare benefits calculator

13.1m page views of our website advice content and MoneyAware, our debt advice blog**

*We now only count a user when a person has engaged with our site for at least 30 seconds.

**Page views of 30 seconds or more of our website advice content. Repeated views of a single page are counted.

Matt's story

Before switching to my current job, I worked at a coffee shop chain as a barista for around eight years. Due to the nature of my job, my hours were variable, meaning that it was very hard to budget or plan ahead for big purchases. At one point, I took out a personal loan to help with a rent deposit, and other large expenses followed.

> After a while, things started to get tight and I was struggling to keep on top of my credit commitments. I also slid into rent arrears.

My initial reaction was panic, and I didn't want to tell anyone about the situation I was in. I became reliant on payday loans and credit cards to get by, and had to research options for customers with a bad credit score.

After some time passed, I let my partner and my dad know about my circumstances, and they paid off some of the loans to try and improve my credit score, but despite agreeing to pay them back £50 per month I was soon falling short after covering my household bills.

I went back to taking out payday loans and things started to spiral again.

My parents were getting increasingly worried about bailiff action and what the repercussions could be if my finances didn't improve, and the situation was also taking a toll on my relationship with my partner. When I incurred a County Court Judgement, suddenly everything felt a bit scarier.

I was panicked about how to feed myself, couldn't focus at work, and was worried about bailiffs turning up at my front door. I decided to get help, and that's when I contacted StepChange.

> StepChange has been a massive lifesaver for me. Without it my debts would have been far more detrimental to me, and the debt management plan has given me peace of mind and helped with my mental health.

I can't speak more highly of the help I received and I want to pass it on to others.

I'm looking forward to finishing my debt solution and eventually buying a house in the not too distant future.



Objective 5: Getting the message out

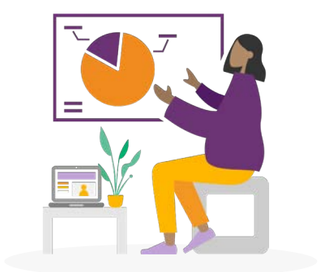
Our fifth objective is to create greater awareness of free debt advice and specifically among vulnerable groups

Key achievements

1 Building our partner proposition

In 2021, we explored new ways to engage with our partners, including a series of webinars on our Breathing Space approach and our response to the Covid-19 pandemic. We also built significant support for our campaigns and we delivered over 70 engagement and awareness sessions to our partners. We've continued to work with our partners to better understand their needs, and we'll use this insight to continue to develop our partner-facing proposition.

Last year we reached over
2,000 colleagues
at partner organisations with awareness and engagement sessions



2 Launching new marketing campaigns

In March, we launched our annual Debt Awareness Week (DAW) campaign, which turned into our most successful DAW to date. We achieved a significant reach to prospective clients, and we also achieved record-breaking engagement with our partners with over 170 organisations supporting the campaign.

In November, we then launched an integrated marketing campaign with the theme of starting conversations on debt. Our campaign directly increased brand consideration by +4% and maintained brand awareness on an upwards trajectory.

Our campaign reached more than
4 million people
experiencing problem debt



3 Understanding our audiences

In 2021 we introduced a new insights strategy for the charity to deepen our understanding of our audiences – consumers, clients, creditors and colleagues - so that we can continue to build better products, services and experiences and also improve our marketing effectiveness.

Our ambition is to continue to build an insight portfolio combining research data, client behaviour analytics and market data to enable decisions to be made with a 360-degree view, and to provide insight and expertise to our partners.

> "We're delighted to have a comprehensive new Insights Strategy to provide us with a really clear view of our clients, creditors and colleagues, understand the things that are important to them and their situation, so that we can directly serve those needs."

● Caroline Darnbrook, Head of Marketing and Brand, StepChange.

4 Our online reach and media coverage

Last year, our media coverage increased substantially in comparison to previous years. We achieved more than 3,800 pieces of coverage and saw StepChange mentioned 364 times on the radio and on TV.

We continue to be very prominent online, ranking highly in search engines for a wide range of debt terms. We've also successfully tackled 50 instances of trademark infringement in advertisements by firms attempting to masquerade as StepChange.

We secured **3,875**
pieces of press coverage in 2021



Key facts and figures

Over **13 million** views of our debt advice webpages

364 mentions on TV and radio

50 press releases

Objective 6: Empowering our people

Our final objective is to engage and develop our colleagues.

As mentioned at the beginning of this report, at the end of April we began a consultation on a number of proposals to secure the long-term future of the charity following a reduction in demand for full debt advice throughout the pandemic meaning our ongoing funding was also reduced. These proposals included a compulsory redundancy programme which resulted in 61 compulsory redundancies (the initial proposed number of 170 redundancies was significantly reduced as a result of collective consultation). This was a very challenging time for colleagues at the charity, and we would like to thank colleagues again for their unwavering commitment to serve clients.

Key achievements

1 Flexible home working

Our flexible home working policy has proved extremely successful and saw an 83% positive rating in our staff engagement survey. Aside from the fact that once the new ways of working were embedded there was no detrimental impact on performance and quality of output, the vast majority of our colleagues commented on how the hybrid working arrangement has positively impacted on their work life balance and also saves them money on commuting costs.

2 Our Equality, Diversity and Inclusion Strategy

We have successful recruited a new Equality, Diversity and Inclusion Manager to implement our strategy and drive it forward. In 2021, we made significant progress in examining the experiences that take place for colleagues during employment, focusing on recruitment, internal communication, development, promotion and policies and reviewing how we can make improvements in these areas.

> "Having a diverse workforce will bring about new ideas, helping us to better support colleagues, clients and partners. As a leadership team we are committed to listening to feedback and creating a workplace that we can all be proud of."

● Phil Andrew, CEO, StepChange

3 Gender Pay Gap results

Our Gender Pay Gap continues to be significantly lower than most organisations in the UK, and overwhelmingly lower than organisations operating in the same sector. In addition, last year we made progress on narrowing – or eliminating – the pay gap on some measures. Our median pay is at parity for the first time, the mean pay gap has continued to fall and median bonus remains at parity. We continue to monitor our gender pay gap, taking action to meet our ultimate commitment of a zero gap.

4 Developing our leaders

Last year we initiated the refresh of our Leadership Strategy and defining what we want our leaders to be. Working alongside a leadership consultancy, we have begun to develop a leadership behavioural framework and next year we'll be rolling out a leadership programme to all levels of leader across the organisation.

Key facts and figures

Each colleague received **41 hours** of training

We awarded **20 colleagues** with an Iain Kendall Award for excellence

Our CEO and Executive team hosted two townhall sessions reaching over **900** colleagues



Trustees' report

Structure, Governance and management

Structure and management

Foundation for Credit Counselling ("the charity"), which trades under the name StepChange Debt Charity, is a company limited by guarantee and is registered as a charity (no. 1016630 in England and Wales, and SC046263 in Scotland and 20104887 in Ireland).

The charity is authorised and regulated by the Financial Conduct Authority (FCA no 729047) to provide debt adjusting and debt counselling services. It is permitted to hold client money as a not-for-profit firm and holds limited permission under the FCA Handbook within its flexible firm portfolio.

Consumer Credit Counselling Service (Equity Release) Ltd is separately authorised and regulated by the Financial Conduct Authority (FCA no 517674) to advise and arrange home reversion plans and mortgage contracts.

Both the charity and Consumer Credit Counselling Service (Equity Release) Ltd fall under the FCA's Senior Managers & Certification Regime for solo-regulated consumer credit firms, as 'limited' and 'core' firms respectively. Appropriate arrangements are in place to ensure both entities comply with the requirements of the regime.

Consumer Credit Counselling Service (Voluntary Arrangements) Ltd employ Insolvency Practitioners that are licensed and authorised by the Insolvency Practitioners Association (IPA).

Both Consumer Credit Counselling Service (Voluntary Arrangements) Ltd and Consumer Credit Counselling Service (Equity Release) Ltd are wholly owned subsidiaries of the charity.

Board of Trustees

The charity is governed by a Board of Trustees (the Board) and currently consists of 9 Trustees. In 2021, there was one resignation.

For the purposes of company law, all Trustees are treated as Directors of the charity. Trustees have a duty to act in the best interest of the charity, and must not place themselves in a position where they have, or may have, direct or indirect interests that conflicts with their duties as a trustee. As such, the charity has a Trustee Conflict of Interest Policy in place, which sets out guidelines and procedures for identifying, monitoring and managing actual and potential conflicts of interest. A register of trustees' external interests is maintained, and reviewed annually by the Board, with interim updates presented at Board meetings whenever amendments or additions are made. There is a standing agenda item at each trustee meeting requiring those present to declare any conflicts of interests relating to matters to be discussed at the meeting. Trustees and members of the Executive team sign an annual declaration to review the accuracy of their register of interests.

The Board has a Schedule of Matters Reserved and is responsible for setting the group's strategic direction, overseeing governance and risk, setting budgets and ensuring that the charity achieves its objectives and complies with its legal and regulatory obligations. Some specific duties of the Board are delegated to the Audit and Risk Committee, the Nomination Committee and the Remuneration Committee, with the day to day running of the charity managed by the Executive team.

On behalf of the Board, the Nomination Committee oversees arrangements for a Board Effectiveness review process, to periodically review the collective performance of the Board and its Committees. In late 2021, the Board put in place arrangements for an externally facilitated effectiveness review exercise to be implemented in early 2022; an action plan with any recommendations arising from the review will be monitored as required by the Nomination Committee. In addition, the Chair has regular discussions with individual trustees to review their performance and contribution to the Board; the performance of the Chair is reviewed by the Senior Independent Director.

The Board held five full meetings during 2021, with a number of additional shorter Board meetings held on specific subject areas throughout the year. Due to Covid-19 and lockdown restrictions, a number of Board and Committee meetings were held via video conference

Trustee induction

The induction of new Trustees is facilitated by the Company Secretariat function. Trustees receive a comprehensive induction pack providing reference information covering the background of the charity, its structure and status, its method of operation, its finances and the environment in which it operates. Trustees have access to the charity's Board Portal which contains past Board and committee meeting packs, policies, and strategy documents. Governance information is provided via the Charity Governance Code and key Charity Commission guidance including "The Essential Trustee", and an NVCO training session on trustee roles and responsibilities. The Trustee induction programme also involves meetings with managers across the different functions of the charity, as well as debt advice call listening and other observation sessions with front line operations colleagues.

Trustee term of duty

New Trustees are initially elected for a term of three years, which may be extended for a further three years upon approval by the Board. A Trustee may in exceptional circumstances be appointed for a third three-year term where the Board determines that it is in the best interest of the charity. The Trustees, with the exception of the Chair of the Board, receive no remuneration for their services, but do receive travel expenses where incurred.

Indemnity

Third-party indemnity provision is in place for the benefit of all Trustees of the charity.

Committee structure

Trustees may be invited to serve on one or more Board Committees. The Committees are delegated specific responsibilities by the Board as outlined below. Executive team members attend Board and Committee meetings by invitation. Committee membership details are shown in the table on page 35.

Audit and Risk Committee

The Audit and Risk Committee's purpose is to provide assurance to the Board that the group as a whole has an effective system of internal controls, risk management, and financial reporting, including oversight of internal and external audit processes. The areas covered within the Committee's terms of reference include: financial reporting; internal controls and risk management systems; financial crime, whistle blowing and anti-bribery; internal audit; and external audit. The Committee met five times in 2021.

Nomination Committee

The Nomination Committee's purpose is to provide oversight on behalf of the Board of the selection and appointment process for trustees and key senior management appointments. The areas covered within the Committee's terms of reference include: Board and Committee composition and diversity; selection and appointment of trustees, the Chief Executive, and other executive directors; succession planning; and effectiveness and performance off the Board, its committees, trustees and the executive team. The Committee met five times in 2021.

Remuneration Committee

The Remuneration Committee's purpose is to provide oversight on behalf of the Board of remuneration and organisational culture arrangements which support the strategic aims, purpose and values of the charity and promote its long-term sustainable success, while complying with good practice and regulatory requirements and maintaining the expectations of stakeholders. The areas covered within the Committee's terms of reference include the overall rewards and recognition framework, and associated board level policies; the culture of the charity, including equality, diversity and inclusion; the remuneration, pension and contractual arrangements for the executive team; and the review of remuneration trends and market analyses. The Committee met four times in 2021.

Executive

The Executive team manages the charity's daily activities. Responsibilities are governed through formally minuted monthly meetings of the Executive Board and Change Board, and quarterly meetings of the Executive Risk & Conduct Committee.

The Executive Board provides focus on strategy and planning, day-to day oversight and management of the operations of the charity, including financial and colleague performance management, service delivery and operational volumes. It develops business plans, policies, procedures and budgets for presentation to the Board of Trustees, and has responsibility for implementation when Trustee Board approval is received and ensuring the effective delivery of the Charity's purpose, strategy and objectives.

The Change Board is responsible for establishing,

maintaining and reviewing the charity's Strategic Change Roadmap. This includes: considering and approving new projects / programme requests; directing the progress of the overall Change Portfolio; and leading and supporting the development of the Change Management Framework.

The Executive Risk & Conduct Committee provides oversight of the risk, compliance, audit and control framework for the Charity, and informs the Executive of material risks, breaches or operational failures to enable timely escalation to the Board and the Audit & Risk Committee. The areas covered within its terms of reference include risk management; compliance; information security and data protection; client money; financial crime; health and safety; and internal audit.

Charity Governance Code

The charity's governance framework is in alignment with the principles of the 'Charity Governance Code for Larger Charities', originally published in 2017 and refreshed in 2020. The Code's seven principles cover organisational purpose; leadership; integrity; decision making, risk and control; board effectiveness; equality, diversity and inclusion; and openness and transparency. The charity is committed to maintaining the highest standards of governance and uses the Code as a practical point of reference to drive a process of continual improvement built upon the code's principles, key outcomes, and recommended practice.

Equality, Diversity & Inclusion

The Board of Trustees recognises that a systemic approach to equality, diversity and inclusion (EDI) is an organisational imperative - they understand the many benefits of EDI such as to enable the charity to attract, retain and develop the best talent, to better support innovation, enable the development of better relationships with stakeholders, enhance our brand and reputation, and meet an increasing regulatory focus.

The Board therefore has welcomed the progress made in 2021 towards the development of the charity-wide EDI strategy, and they look forward to this work being rolled out in 2022 led by the newly appointed Diversity & Inclusion Manager. Trustees reconfirmed their commitment to this key area of work at a dedicated EDI awareness session held during the year, at which they also nominated Helen Dean, Chair of the Remuneration Committee, as the trustee EDI sponsor; the Remuneration Committee oversees the detail of the EDI strategy development, with regular updates and feedback provided to the Board.

Within its own practice, the Board also recognises the value of a diverse group of trustees, with a broad range of experience, skills, background, and perspectives, in its aim to improve its own effectiveness and ensure balanced decision-making. The Nomination Committee regularly carries out an audit of skills, experience and diversity of the Board of Trustees to identify gaps, and to inform trustee recruitment and training. When recruiting new trustees, the Committee considers how best to attract a diverse pool of candidates, and where and how trustee vacancies are publicised. The EDI strategy development work closely aligns with the recommended practice within the Charity Governance Code's EDI principle, and in 2022 we intend to agree an updated Code action plan to ensure continuous improvement within the Board's practice.

Remuneration of Senior Employees

The charity has a Pay Policy which applies to all employees, and is regularly reviewed by the Remuneration Committee and approved by the Board of Trustees. Following an in-depth review in 2020, further updates were made to the Pay Policy and Procedure in 2021 as part of the ongoing implementation of the charity's Total Reward Strategy. The overriding principles of the Strategy are for the charity's total reward offering to be competitive, fair and sustainable. The principles guiding the charity's pay management approach include basic pay reflecting a colleague's skills, competence and capability to perform their role, and with all roles aligned to a pay range built around market median pay levels. The Pay Policy and Procedure reflects the current approach to pay and rewards introduced by the strategy, and clarifies how pay will be benchmarked and managed, and includes annual pay review, development reviews and the use of in-role development frameworks to reflect the development of skills and knowledge.

The Remuneration Committee determines the remuneration of the Chief Executive and the Executive team, in line with the Pay Policy and Procedure. Executive appointments are subject to fair and open competition, with salary levels determined by benchmarking and set at advertising stage. The remuneration of the Chief Executive and the range of salaries for other members of the Executive team are published in the financial section of the annual report.

Trustees' report

Board as at 5 July 2022		Board Committees			Operating Subsidiaries Boards
Trustees	Year of appointment	Audit & Risk	Nomination	Remuneration	
John Griffith-Jones (Chair of the Board)	2019		●		
Nick Caplan	2019	○			
Helen Dean CBE	2019		○	○	
Tim Frost	2017	●			
Monica Kalia	2017		○	○	
Yvonne MacDermid OBE	2021				Director
Chris Stern (Senior Independent Director)	2016	○	○		
Lesley Titcomb CBE	2019	○			
Chris Wood	2021			○	

Sue Lewis resigned at the end of her third term of office with effect from 1 June 2021.
Josh Bell resigned with effect from 31 May 2022.
Andy Hill resigned at the end of his second term of office with effect from 1 July 2022.

● **Chair**
○ **Member**

The Trustees at 5th July 2022 are listed below:

John Griffith-Jones

John was appointed Chair of StepChange Debt Charity in January 2019. He served as the inaugural Chair of the Financial Conduct Authority from 2013 to 2018, during which time the FCA took on responsibility for regulating consumer credit. Previously, John had a career at KPMG, culminating in him becoming their UK Chairman and Senior Partner, and also Chairman of their European, Middle East and Africa region. John is currently a Governor of Brentwood School, sits on the audit committee of Eton College, and is a trustee of the Rifles Volunteer Trust. He is also a Deputy Lieutenant in Essex. John was formerly Vice Chairman of the National Numeracy Trust.

John studied Economics at Trinity Hall, Cambridge. He is a chartered accountant and he was an officer in the Territorial Army for 14 years. As well as the Board, John also chairs the Nomination Committee at StepChange.

Nick Caplan

Nick joined the StepChange Board in 2019. He brings technology, strategy and operational experience from a broad range of sectors. Most recently he co-founded Ordo which provides an open banking payments platform to help people gain better control of their payments. Nick is a Director of Vitality Life and Health and Covea Insurance, and Chair of AND Digital and Pay Later Group. Significant prior roles included Chair of Faster Payments, a key part of the UK's payments infrastructure; Chair of MyCSP a public sector pensions administrator and an executive director of Logica, a major IT services company.

Helen Dean CBE

Helen joined the StepChange Board in 2019 and is Chair of the Remuneration Committee. She has a strong background and long-standing interest in addressing financial inequalities and promoting financial resilience. Working in the Department for Work & Pensions, she was one of the architects of the UK's automatic enrolment programme and a leading figure in establishing the National Employment Savings Trust (NEST). Since 2015 Helen has been the CEO of NEST, with over 10 million members, now the largest pension scheme by membership, in the UK.

Helen is also a member of the Council of Scholar Advisors, Centre for Recruitment Initiatives, Georgetown University in Washington, a Governor of the Pensions Policy Institute UK and a member of the Advisory Board to the Money and Pensions Service. Helen was awarded a CBE in the 2021 New Year Honours list for her services to pension saving.

Tim Frost

Tim joined the StepChange Board in 2017 and is Chair of the Audit & Risk Committee. He is the Chair of Cairn Capital, an Emeritus Governor of the London School of Economics, and a former Director of the Bank of England. Before joining Cairn, Tim worked in a series of trading and management positions at JP Morgan, helping to build the credit and credit derivatives businesses. He started work as an officer in the British Army serving in Germany and in the Falkland Islands.



Monica Kalia

Monica joined the StepChange Board in 2017. She is a non-executive director, trustee and business advisor with board experience in financial services, public policy and sustainability. Monica is an Advisor to Clim8, the first fintech platform focused exclusively on investing for climate impact. She also works across the UK fintech ecosystem, advising start-ups and their founders – with a particular focus on advising and supporting female founders. She is the Co-Founder of Neyber, a multi-award-winning Fintech firm focused on financial wellbeing. Neyber is included in KPMG's 2018 list of top 50 established global Fintech companies and was awarded "Ethical Financial Services Provider of the Year" at the Money Age Awards.

Formerly, Monica was the Co-Head of the European Banks Equity Research team at Goldman Sachs. She is a regular speaker at Global Fintech conferences, sharing her perspective on financial inclusion, innovation and disruption in financial services. Monica was recognised by Forbes as one of the top female leaders in Fintech, included in Women in Fintech Power List by Innovate Finance UK and is listed as one of the Top 100 most influential BAME leaders in UK tech by the Financial Times & Inclusive Boards.

Yvonne MacDermid OBE

Yvonne joined the StepChange Board in June 2021. She has been involved in credit and debt matters for 34 years, and stood down in 2021 after almost 24 years as Chief Executive of Money Advice Scotland. She is passionate about the provision of debt advice and financial education, and treating customers fairly, and committed to working with government, regulators, and all parts of the credit, debt collection/purchase industries.

Yvonne is a non-executive Board member and Director sitting on four Boards from across the public, private and voluntary sectors, including the Credit Services Association, and its subsidiary; and Money Advice Liaison Group (MALG). She is also Trustee of Pollok Credit Union. In 2002 Yvonne received the OBE for services to disadvantaged communities, and in 2018 she was awarded the inaugural "Women in Credit" Lifetime Achievement Award.

Chris Stern

Chris previously held a number of senior Executive and Non Executive positions within the Centrica Group. These include Chairman of British Gas Insurance and British Gas Finance Ltd (A regulated Consumer Credit provider) and NED of British Gas Services (a regulated Financial Service intermediary) and Finance Director roles, within the Financial Services, Customer and Retail Services, and Automotive, sectors.

Lesley Titcomb CBE

Lesley joined the StepChange Board in 2019. She is an independent non-executive director of National Bank of Kuwait International, of Legal and General Financial Advice and of Pay.UK. She is also a Governor of the University of Hertfordshire. She was previously Chief Executive of the Pensions Regulator. Lesley has worked in many different roles in financial services regulation since 1992 and before joining The Pensions Regulator was Chief Operating Officer of the FCA from 2010 to 2015. She is also a qualified Chartered Accountant.

Chris Wood

Chris joined the StepChange Board in February 2021. He has significant Financial Services, Lending and Payments experience, and is a qualified chartered accountant. For the last 15 years he has run scale businesses and functions for Barclays and Barclaycard in the UK, Europe and North America, and he has extensive experience in both Executive and Non-Executive roles. Prior to Barclays, Chris worked as a consultant for Accenture for ten years with clients in Europe, North America and Australasia specialising in Financial Services. Chris currently leads the SMB business segment within FIS's International Merchant Services Division including WorldPay in the UK and ROI.

Executive team

Phil Andrew
Chief Executive

Phil has over 30 years' varied experience as Chair, CEO, CFO, non-executive director and Treasurer in government owned organisations, blue-chip companies and charities in the UK, Ireland, Russia, France and the Far East. Phil is a Chartered Accountant, qualified treasurer and Chartered Marketer. Prior to joining StepChange in 2017, Phil was CEO of Working Links and prior to this CFO, Sodexo UK & Ireland and CEO, Sodexo Justice Services.

Over the last 15 years he has specialised in environments where social good is the primary objective but in environments requiring very high levels of commercial efficiency. Phil is Vice-Chair of Raven Housing Association and Chair of the Marketor's Trust.

Lorna Allan
Chief Information Officer

Lorna is the charity's first Chief Information Officer and is responsible for our overall IT and Information Security environments. With responsibilities that cover operational IT services through to the development and delivery of digital change, she brings a wealth of both IT and business experience. She joined the ranks of the CIO 100 list in 2021.

Lorna has over 25 years' experience across a diverse range of business sectors delivering IT services and technology change, from large international businesses like Siemens, through to fascinating government organisations like The British Library.

Gail Arkle
Director of Client Experience

Gail leads the charity's Client Experience directorate, which covers the marketing, strategic relationships, business development and client journey functions.

With over 22 years' experience working across both B2C and B2B audiences, she has successfully led Marketing and Business Development teams across a number of sectors, in the delivery of corporate and commercial strategies. Most notably, in leadership roles bidding for and delivering services to the public and charitable sectors.

She is a Fellow of the Chartered Institute of Marketing.

Richard Britten
Director of Finance

Richard provides strategic and financial leadership to ensure that the charity's financial objectives are met. He is a Chartered Accountant having qualified at Ernst and Young in London. Richard has a wide-range of commercial financial management experience gained in regulated financial services at Mitchell Farrar Group and Provident Financial plc as well as previously at Enterprise Oil plc.

Vikki Brownridge
Director of Operations

Vikki leads the charity's operational teams who provide debt advice and ongoing solution service provision for our clients across a number of sites and all jurisdictions in the UK. She has worked at the charity for over 16 years in a number of senior leadership positions including Head of Debt Advice and Director of Client Experience. Earlier in her career Vikki held leadership positions within outsourced providers and financial services organisations.

Sian Evans
Director of People & Culture

Sian started her career in Human Resources at Morrisons Supermarkets in 1990. Her experience spans a wide range of industries including roles at Ciba Specialty Chemicals, Redcats UK, Callcredit Information Group, where she was Group HR Director from 2008 to 2011. From 2011 until 2013, Sian ran an HR business providing consultancy services to the professional services and logistics sectors. Sian joined the charity from Severfield Plc where she was Group HR Director. She is a fellow of the Chartered Institute of Personnel and Development.

Richard Lane
Director of External Affairs and Operating Subsidiaries

Richard leads the charity's External Affairs department, which covers our policy, campaigning, internal communications and media functions.

He also oversees StepChange's two operating subsidiaries – StepChange Financial Solutions and StepChange Voluntary Arrangements.

Richard has worked across the charity sector in a number of roles, notably leading the communications and campaigns teams at the national disability charity, Scope, and working on campaigns and public affairs at the LGBT charity Stonewall.

Ian Phillips
Director of Risk and Compliance

Ian is responsible for the delivery and oversight of the Charity's risk and compliance arrangements. He brings a wealth of financial services experience, recently helping Equifax build their risk management framework and supporting the development of data-driven solutions around Consumer Vulnerability.

Ian has also worked as consultant for UK Finance and the Money Advice Trust, where Ian led their award-winning Consumer Vulnerability Academy. This has now seen over 100 strategic leaders complete a six-month programme on best practice for applying FCA guidance and legal requirements to ensure vulnerable consumers receive outcomes at least as good as everyone else. He previously spent thirteen years with the Lloyds Banking Group in various leadership roles.



Streamlined Energy and Carbon Reporting (SECR)

We report our carbon emissions following the Greenhouse Gas Protocol which incorporates the Scope 2 market-based emissions methodology. We report carbon dioxide emissions resulting from energy use in our buildings and colleague business travel.

For 2021, we collected the energy usage data for all our sites in the UK and the business travel data for the colleagues claiming business mileage using personal or charity leased vehicles to estimate the emissions driven by our operations. We have then uplifted these estimates by 5% to cover uncertainty in line with Intergovernmental Panel on Climate Change's *Good Practice Guidance and Uncertainty Management in National Greenhouse Gas inventories* and our own internal assessment of data coverage and quality.

The impact of COVID-19 has further significantly reduced the business travel emissions, with the vast majority of colleagues still working remotely.

In December 2020 we committed to a lease for a more energy efficient head office building in Leeds with a significant reduction in footprint to better accommodate flexible working approaches. The impact of the above move can be seen in the comparison below.

UK Greenhouse gas emissions and energy use data for the period 1 January 2021 to 31 December 2021	2021	2020
Energy consumption used to calculate emissions (kWh)	2,075,534	3,242,863
Scope 1 emissions in metric tonnes CO2e		
Vehicles on company lease	2.35	4.50
Scope 2 emissions in metric tonnes CO2e		
Purchased electricity	237.28	482.57
Gas consumption	190.75	203.25
Total Scope 2	428.03	685.82
Scope 3 emissions in metric tonnes CO2e		
Business travel in colleague owned vehicles	3.35	14.46
Total gross emissions in metric tonnes CO2e	433.73	704.78
Intensity ratio Tonnes CO2e per FTE	0.31	0.48

Reference and administrative details

Company name

Foundation for Credit Counselling is a company limited by guarantee. It trades under the brand name of StepChange Debt Charity.

Registered and Principal Office

123 Albion Street, Leeds, LS2 8ER.

Important numbers

Company number: 02757055 in England and Wales. Charity numbers: 1016630 in England and Wales, SC046263 in Scotland and 20104887 in Ireland). FCA number 729047.

Constitution

The governing document of the charity is its Memorandum and Articles of Association. The charitable objects for which the charity was established are:

1. The prevention or relief of poverty amongst persons who are in debt;

2. To advance the education of the public in general (and particularly amongst persons in debt or at risk of falling into debt) on the subject of financial budgeting, financial products and financial services.

Professional Advisors

Chartered accountants and statutory auditors
PricewaterhouseCoopers LLP
Central Square
29 Wellington Street
Leeds
LS1 4JP

Internal auditors

Grant Thornton UK LLP
No 1 Whitehall Riverside
Leeds
LS1 4BN

Legal advisors

Wrigley's Solicitors LLP
17–21 Cookridge Street
Leeds
LS2 3AG

External auditors

A resolution for the reappointment of PricewaterhouseCoopers LLP as auditors for the charity was proposed at the 5 July 2022 Board meeting. We are currently looking to reappoint alternative auditors.

Statement of Trustees' responsibilities

The trustees (who are also directors of Foundation of Credit Counselling for the purposes of company law) are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the trustees to prepare financial statements for each financial year. Under that law the trustees have prepared the financial statements in accordance with United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice). Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of the affairs of the charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable group for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Statement of Recommended Practice: Accounting and Reporting by Charities (2019);
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees are responsible for the maintenance and integrity of the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

In certain circumstances clients may choose to include an additional statement here which is required to be made within the directors' report as a result of Section 418 of the Companies Act 2006.

In accordance with Section 418, directors' reports shall include a statement, in the case of each director in office at the date the directors' report is approved, that:

(a) so far as the trustee is aware, there is no relevant audit information of which the company's auditors are unaware; and

(b) he has taken all the steps that he ought to have taken as a trustee in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

The Trustees' Report and Strategic Report were signed on behalf of the Trustees by:

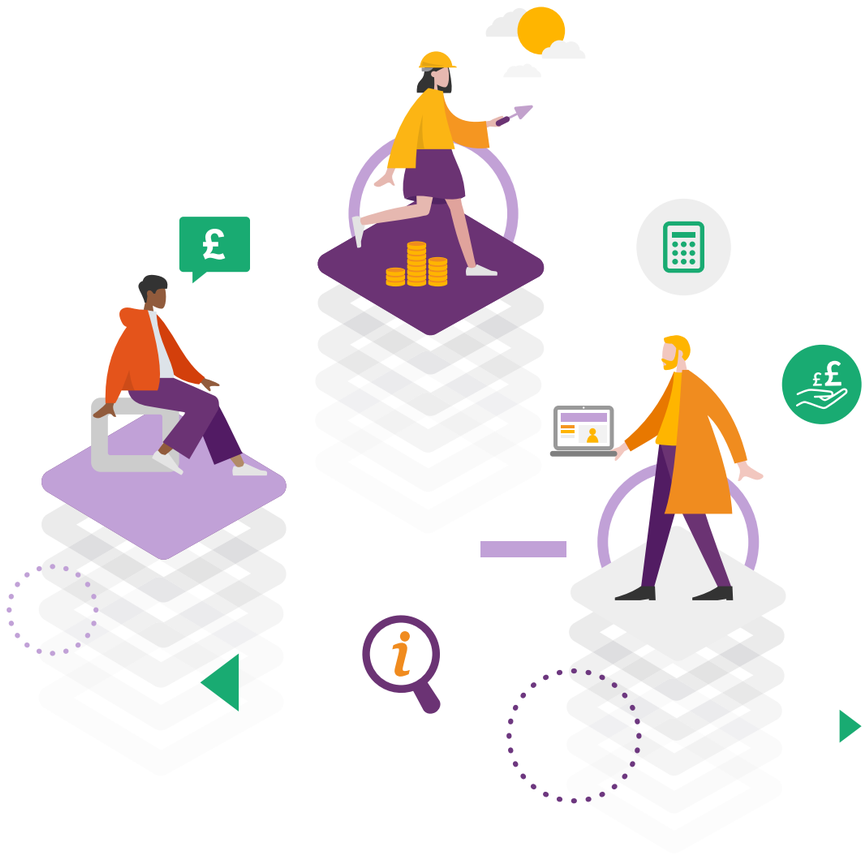
John Griffith-Jones
Chair
6 July 2022

Financials



Financial review

Our Group accounts for the year to 31 December 2021 show a net deficit of £0.6m compared with a deficit of £2.8m in the previous financial year. The result for 2020 is stated after transformation costs of £1.2m, which costs ceased in July 2020 as the Pulse debt advice system was fully rolled out. On-going systems expenditure has subsequently been absorbed into business-as-usual activities.



Income

In 2021, our total funding was slightly increased to £61.0m compared with £60.6m in 2020. These amounts include furlough support totalling £1.9m (2020: £0.8m). Excluding that support, total funding fell by £0.7m, and our unrestricted funding was reduced by £1.4m.

The Group's financial results have continued to experience some disruption in its regular funding caused by the Covid-19 pandemic, as was reported in last year's accounts. The reduced demand for debt advice resulting from the continued exceptional forbearance measures from creditors led to fewer new clients starting solutions. As a result, the numbers of clients on debt management plans fell to 170,774 at the end of the year (2020: 181,981), with a consequent reduction in Fairshare contributions received as well as reductions in income in our subsidiaries.

Additional unrestricted income was also received in the form of donations with £0.8m received compared with £1.4m in 2020.

Within the year, grant funding increased slightly due to continuation of grants made to support the sector by the Money and Pensions Service, with our total restricted funding increasing to £11.7m (2020: £11.1m).

Operating Expenditure

Total operating expenditure for the Group was £61.6m (2020: £63.4m or £62.2m excluding transformation costs). In 2020, colleague numbers were increased primarily to fulfil the requirements of the additional grants received. However, following the decline in overall funding in 2021, the Group undertook a cost reduction programme reducing total FTE to below 1,300. The savings achieved ensured that the Group could operate at a small surplus in the second half of the year.

Operating Deficit

The operating deficit of £0.6m is stated after an amortisation charge of £2.1m (2020: £2.1m) which relates to the Pulse debt advice development costs that were capitalised as an intangible asset. The underlying surplus before amortisation helped to increase the Group's free reserves as at 31 December 2021.

Capital Expenditure

Total additions to tangible fixed assets were £2.3m in the year (2020: £1.2m).

The principal investment during the year was the fit-out and furnishing of our new headquarters in Leeds. The costs were substantially funded by a capital contribution from the landlord which results in corresponding balances recorded within creditors (including within amounts falling due after one year). As a result of this move to the new headquarters, our annual premises costs for Leeds reduced by 30%.

Subsidiaries

The charity has two subsidiaries, one for the provision of insolvency solutions, and one for equity release and mortgage solutions, both of which are established as not-for-profit organisations. Any net proceeds generated by these subsidiaries are distributed via Gift Aid back to the charity. Both operations have been developed to help people become free of problem debt. Within the charity's Statement of Financial Activities, the proceeds from the subsidiaries are not classified as charitable activities but included within donations received.

Cashflow, investments & liquidity

Our investment policy agreed by the Trustees remains to invest in fixed-term bank deposits only.

Within the year, there was a net decrease in cash and cash equivalents of £0.3m (2020: £0.9m decrease). This outflow was due largely to working capital timing differences. At 31 December 2021 total cash and cash equivalents were £7.1m (2020: £7.4m) with no funds held on deposit for a period of greater than three months (2020: £NIL).

During 2021 the Group secured approval from the FCA for a new liquidity backstop being a minimum cash balance of £5.25m. Such cash reserves would allow the Group to effect an orderly winddown without detriment to clients should the situation ever arise.

Reserves policy and management

Reserves are maintained at a level to manage the short-term financial risk, the potential costs of unplanned closure and ensure the long-term viability of the charity given the risks detailed in the "Principal Risks and Uncertainties" section of this report. Our reserves policy is reviewed by the Board of Trustees at least annually, considering both the risk environment as well as the trading and investment needs of the group.

The primary considerations in setting the policy are ensuring that adequate levels of cash reserves are held, balanced with our obligation to ensure that such reserves are not excessive so that funding received is applied promptly to our charitable purpose. Maintaining an appropriate level of free reserves that complies with our reserves policy, whilst taking into consideration the uncertain economic environment, remains a key financial management objective for the Group.

In line with best practice, our policy was revised in 2019 to include a lower and upper limit on our free reserves. This established that the Group's free reserves (i.e. reserves after removing net tangible and intangible fixed assets and restricted funds) will not be allowed to fall below £10m nor to exceed £18m.

In December 2020 this policy was reviewed and endorsed by the Board of Trustees with no change to the target range. It was noted however that the accounting for the costs of the fit-out of the new Leeds office created an unintended reduction in reserves due to the tangible fixed asset being excluded from reserves whilst the provision for the unamortised landlord contribution within creditors remained as a deduction in the balance sheet.

Therefore the policy was amended to note that the latter element would also be excluded from the free reserves calculation.

At 31 December 2021 the Group's free (unrestricted) reserves therefore stood at £12.7m being unrestricted funds of £17.3m less fixed assets of £6.2m plus unamortised landlord fit-out contribution of £1.5m. These reserves show an increase from £10.3m at the start of the year generated primarily from the operating surplus prior to amortisation of intangibles.

Following the cost reductions during 2020, our reserves position has improved and we are more resilient to any further decreases in Fairshare contributions. However, with household budgets now being squeezed by inflation, continued short-term declines in Fairshare look increasingly likely and the Group is reviewing other ways of generating additional funding in preparedness for increased numbers of people needing our help.

This level of reserves also covers the prudential resources requirement under the FCA debt management rules set out within CONC 10.2.5, which requirement stood at £1.4m at the end of 2021.

The total balance sheet reserves at 31 December 2021 were £17.5m (2020: £18.1m), of which £0.1m (2020: £0.8m) are restricted in nature.

Investment policy

The charity's investment policy is reviewed annually by the Audit and Risk Committee. In 2021, the policy has been maintained to continue to invest the surplus liquid funds in fixed-term deposits with maturities of no more than 12 months. This continues to allow the Board the appropriate flexibility and liquidity whilst reserves are close to our agreed minimum level.

Due to the lower cash balances and our liquidity obligations, we did not place funds on deposit during 2021. In 2020, with minimal risk, an average return of 0.61% was achieved.

Basis of preparation of the Accounts

In-line with the Charities Accounts (Scotland) Regulations 2006 (as amended), the charity has prepared a charity-only Statement of Financial Affairs on page 59, with additional charity-only disclosures made in the notes to the financial statements.

The financial statements have been prepared on the going concern basis. The company has strong financial resources invested with minimal risk and no borrowings.



Principle risks and uncertainties

Principal risks and uncertainties

The Board of Trustees is responsible for determining the nature and extent of the principal risks it is willing to take to achieve the charity's strategic objectives. The Board allocates oversight responsibility to the Audit & Risk Committee for obtaining adequate assurance that the charity maintains robust systems of risk management and internal control, and that these are reviewed for adequacy and effectiveness on a regular basis.

Our approach to risk management

In line with recognised good practice, the charity employs a traditional 'Three lines of defence' assurance model. This comprises of first line quality assurance with additional quality monitoring activity, second line risk management and compliance (monitoring and advisory), and third line internal audit (delivered through a professional services provider).

There is a risk management framework embedded across the charity to support the effective identification, assessment and management of risk and risk events. The Board, and Audit & Risk Committee, with input from the Executive, periodically performs a robust and systematic review of those risks that it believes could materially impact the charity's performance, future prospects, reputation or ability to deliver against its strategic objectives.

Risk appetite

The Board reviews and approves the charity's risk appetite statement on an annual basis, or more frequently in the event of unexpected changes to the risk profile, with the aim of ensuring that the level of risk that the charity is willing to take remains consistent with its strategy, priorities and the regulatory environment.

In order to determine the charity's risk appetite and capacity, different triggers and limits are set on a forward-looking basis through Key Risk Indicators. In the event that the desired risk appetite is breached, or likely to be breached; a predefined escalation process is followed to ensure this is highlighted to the Board or relevant Board sub-committee.

Risk universe

To enable a review of risk in line with agreed appetite and tolerances, the charity maintains a register of all risks within its risk universe. The risk management framework and associated processes are operated throughout the charity with the 2nd line Group Risk team responsible for ensuring that the framework is embedded and operating effectively. All departments perform regular risk assessments that consider and assess both existing and emerging risks. This process ensures a consistent approach to the assessment of risk across the charity as well as informing the group risk register from bottom-up. The findings of both internal and external audit outputs are considered when reviewing both the risk register and the annual audit plans.



Impact on the charity of Covid-19

During 2021 the Coronavirus pandemic continued to have a significant impact on all of our lives as well as on the organisations which employ us. As mentioned in last year's report, the impact upon personal finances and, hence, the debt advice sector, was not as initially expected due to the exceptional and sustained support measures provided to individuals by the government and through extended forbearance by creditors.

This continued to reduce the number of people contacting the charity for debt advice in the year and, consequently, the number of people taking out debt solutions such as debt management plans. At the same time, the pandemic has, in many cases, seen the acceleration of improvements in creditor practices, originally born out of increased, pre pandemic, Regulatory, societal and media focus on customers in financial difficulty, which means that an increased number of "simple" cases are managed without the need for a referral to debt advice.

Put together, this led to a reduction in demand and / or a shift towards more complex cases, including those where customers are experiencing multiple or extreme vulnerability and / or present with a negative budget, and has led to reductions in the charity's funding received from Fairshare contributions. Therefore, during 2021, the charity took the difficult decision to undertake a programme of redundancies to reduce operating costs and ensure that the charity remains financially strong and well-positioned to help more people when demand for our services increases again.

In the early months of 2022 we have started to see such an increase in demand but with a continuing pattern of clients being in more complex situations. We are also starting to see the impact on clients of increases in the cost of living (see further below) which looks likely also to impact the charity's Fairshare funding. These two Covid-19 effects are likely to continue for the rest of 2022 as we continue to provide advice for more complex financial problems our clients are facing.

Impact of increased cost-of-living

The start of 2022 has seen inflation in the UK reach its highest levels for many years, with increases in fuel costs particularly impacting household budgets. Clients in or near problem debt are especially exposed to such increases. In 2022 we are already seeing more people seeking help were debt is not the main issue but instead it is having insufficient income to meet essential household expenditure. For these clients a repayment plan is often not an appropriate solution.

We are also experiencing a greater number of clients already on solutions who are contacting us to reduce their payments. At this stage we do not know how long these pressures on households will continue or what additional help may be provided for people who are struggling to manage. The risk to the charity is a combination of Fairshare funding continuing to reduce whilst demand for our services increase.

In addition the charity's own costs are rising more quickly than they have in the recent past. We will continue to look to preserve an appropriate level of financial strength during this period and maintain a balance between helping more people in the short-term and having the financial security to deliver on longer-term plans as well as investments in our people and technology.

We are expecting to see these cost of living trends continue for the rest of 2022 as the energy cap increases again and people have less disposable income. We are forecasting Fairshare contributions will continue to be squeezed by these increases in the cost of living, albeit the pressures seen to date have been less severe than we had predicted due partly to the emergence of additional government support measures. In 2022, we plan to mitigate this adverse effect on Fairshare contributions by securing additional funding streams by way of grants and donations.

The risks identified below represent the relevant key risks associated with the charity and are not set out in any specific priority order.

Risk	Relevance	Mitigation	
The charity fails to develop and implement a sustainable and proportionate funding model	The charity requires a model which reduces our funding concentration risk and is reflective of the breadth of money guidance, debt advice and debt management services provided by the charity to its clients	• We have regular dialogue with funders to understand value drivers and expectations for fair client outcomes	• Our efficiency drive with Transformation underpins our work to develop our funding model and we are actively contributing to the Single Financial Guidance Body's work on an appropriate model for funding for debt advice
Failure to attract, develop and retain talent and key skills	Supported by the development of technology, colleagues remain the charity's key asset. To support delivery of the charity's four-year strategic plan, it is paramount that the charity attracts, develops and retains the right people with the right skills in the right numbers.	• During 2021 we developed the charity's strategies for Leadership Development and Equality, Diversity and Inclusion • We have continued to monitor the competitiveness of our Total Reward Strategy, including base pay benchmarking and in-role progression and development	• The charity works to a defined Talent Acquisition Strategy to ensure that we have the capacity and capability to deliver against the charity's strategic objectives • Formal succession planning and talent management framework are in operation, with periodic reporting via Nomination Committee
The risk of client detriment, financial loss, disruption or damage to the charity's reputation resulting from a cyber-attack	The charity operates a large number of IT systems which hold material volumes of sensitive client data. We will continue to focus on minimising the data we hold and the controls we have in place to maintain our security resilience and prevent unauthorised access or misuse of this data	• We've implemented enhanced colleague access controls • We minimise colleague risk through pre-employment checks	• We have specialist resource to support the continuous improvement of the charity's information security and data governance framework
Failure to assess and manage the charity's exposure to conduct risk	Under the FCA's oversight of the consumer credit sector, we will continue to provide the highest quality debt advice and debt management services complemented by robust systems of risk management and internal control	• The Board employs a 'three lines of defence' model to gain assurance over the effectiveness of its internal systems and controls including the outsourcing of its Internal Audit function to a reputable third-party provider • We have regular, effective management meetings held by the Executive team including the use of comprehensive management information to identify risks and opportunities and manage these in line with the charity's appetite for risk	• Colleagues with appropriate skills and competence are recruited into senior risk and compliance roles • We have successfully embedded the Senior Managers & Certification Regime with clearly documented responsibilities, accountabilities and expected standards of conduct for all colleagues
Key supplier or third-party provider failure	The failure of a key supplier may lead to an adverse and material impact on the ongoing provision of services to clients or to back office key processes.	• The charity has an established procurement supplier management framework in operation, overseen by a centralised Procurement function • Ongoing service, quality and value for money reviews are performed for key supplier arrangements	• The charity maintains close oversight of all material outsourced relationships (as defined within SYSC 13.9)
Failure to respond effectively to changes in the external environment	The regulatory, political and legal landscapes continue to evolve with a potential impact on our core operating functions. Early identification and analysis of change is vital to a compliant and appropriate response	• We have ongoing engagement with key decision makers and stakeholders in government, with regulators and with the wider sector • We have a horizon scanning framework in operation to early identify changes which may impact the charity and its stakeholders and plan for change where appropriate	• One such example is the Breathing Space legislation implemented in May 2021

Risk	Relevance	Mitigation	
The charity's Board of Trustees and Executive team fail to provide effective governance and oversight of the charity, leading to a failure to deliver against the strategic objectives	Following several high-profile governance failures across a variety of sectors; the adequacy and effectiveness of charity governance draws interest from several key stakeholder groups	• We have an experienced and wide-ranging Board of Trustees who meet up to six times a year to oversee the group's strategy and progress in line with the agreed objectives and priorities • Three Board sub-committees exist within the group's governance framework with specific duties and responsibilities documented (Nomination Committee, Remuneration Committee and Audit & Risk Committee)	• We have a formal governance structure in place to facilitate decision making at all levels within mandated authorities
The risk of sanction or enforcement by a regulatory body due to a material breach of regulatory or legislative requirements	The charity prides itself on the relationship it continues to build with its regulators. Enhancements to the charity's systems of risk management and internal control help to demonstrate to key stakeholder groups the consistent and fair client outcomes the charity delivers on a day-to-day basis	• The Board employs a 'three lines of defence' model to gain assurance over the effectiveness of its internal systems and controls including the outsourcing of its Internal Audit function to a reputable third-party provider • Several key senior roles are in place – Director of Risk & Compliance, Head of Client Operations, Head of Operational Strategy and Quality, and a Regulatory Finance Manager oversee the delivery of regulatory processes and controls	• There are client outcome and satisfaction measures in place to measure performance • We have a robust complaints process in place with supporting root cause analysis to identify any systemic issues
Financial loss and reputational Damage arising from internal fraud	As a CASS large debt management firm, the charity manages in excess of £420m of client money across 2.3m transactions on an annual basis. The complexity inherent within both the volume of frequency of transactions requires robust systems of internal control and governance to be in place and proven to be effective	• Through the Charity's governance framework, internal monitoring and reporting, it consistently evidences its operational, colleague and system controls that are in place to protect and segregate client money • The Charity complies with the debt management client money rules and mandate rules permissions for which it is authorised as concluded via external assurance by PwC under SUP 3	• The Charity ensures appropriate policies and controls are maintained and adhered to in relation to financial crime, delegated authority, compliance and treasury including approval and signatory limits and controls
Failure to withstand the impact of an event, or series of events, that significantly disrupts the operations of the charity	Robust operational resilience to unexpected material events ensures the ongoing provision of the charity's core services to new and existing clients. The risk crystallised in 2020 during the onset of the Covid-19 pandemic.	• The charity has an established business continuity policy and framework, which is owned by the Board of Trustees. The framework is embedded across the charity and is tested on a regular basis at both national and local levels through desktop and scenario exercises. The charity has contracted work area recovery facilities to respond to a medium-term denial of access event, and invested heavily in 2020 in mobile devices to ensure continuity of operations through a remote enabled workforce	

Independent auditor's report to the members of the Foundation for Credit Counselling

Opinion

In our opinion, Foundation for Credit Counselling's group financial statements and charity financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the charity's affairs as at 31 December 2021 and of the group's and charity's incoming resources and application of resources, including its income and expenditure, and of the group's and charity's cash flows, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Accounts 2021 (the "Annual Report"), which comprise: the group and charity balance sheets as at 31 December 2021; the consolidated and charity statements of financial activities (incorporating an income and expenditure statement), and the group and charity cash flow statements for the year then ended; and the notes to the financial statements, which include a description of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group and charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and the charity's ability to continue as a going concern for a period of at least twelve months from the date on which the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the group's and charity's ability to continue as a going concern.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Trustees' Report

In our opinion, based on the work undertaken in the course of the audit the information given in the Trustees' Report, for the financial year for which the financial statements are prepared is consistent with the financial statements; and the Trustees' Report have been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the group and charity and their environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Trustees' Report. We have nothing to report in this respect.

Responsibilities for the financial statements and the audit

Responsibilities of the trustees for the financial statements

As explained more fully in the Statement of Trustees' responsibilities, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The trustees are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the group's and charity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the group and charity or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the group and/charitable company/industry, we identified that the principal risks of non-compliance with laws and regulations related to Charities Act 2011, Financial Conduct Authority's ("FCA") regulations, Anti-Bribery and Corruption legislation, Anti-Money Laundering legislation and the UK tax legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to increase revenue, and management bias in accounting estimates and judgements (including the risk of override of controls). Audit procedures performed included:

- Challenging estimates and judgements made by management in their significant accounting estimates;
- Identifying and testing journal entries, in particular journal entries posted with unusual account combinations; and
- Review of correspondence with regulators including the FCA.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the charity's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

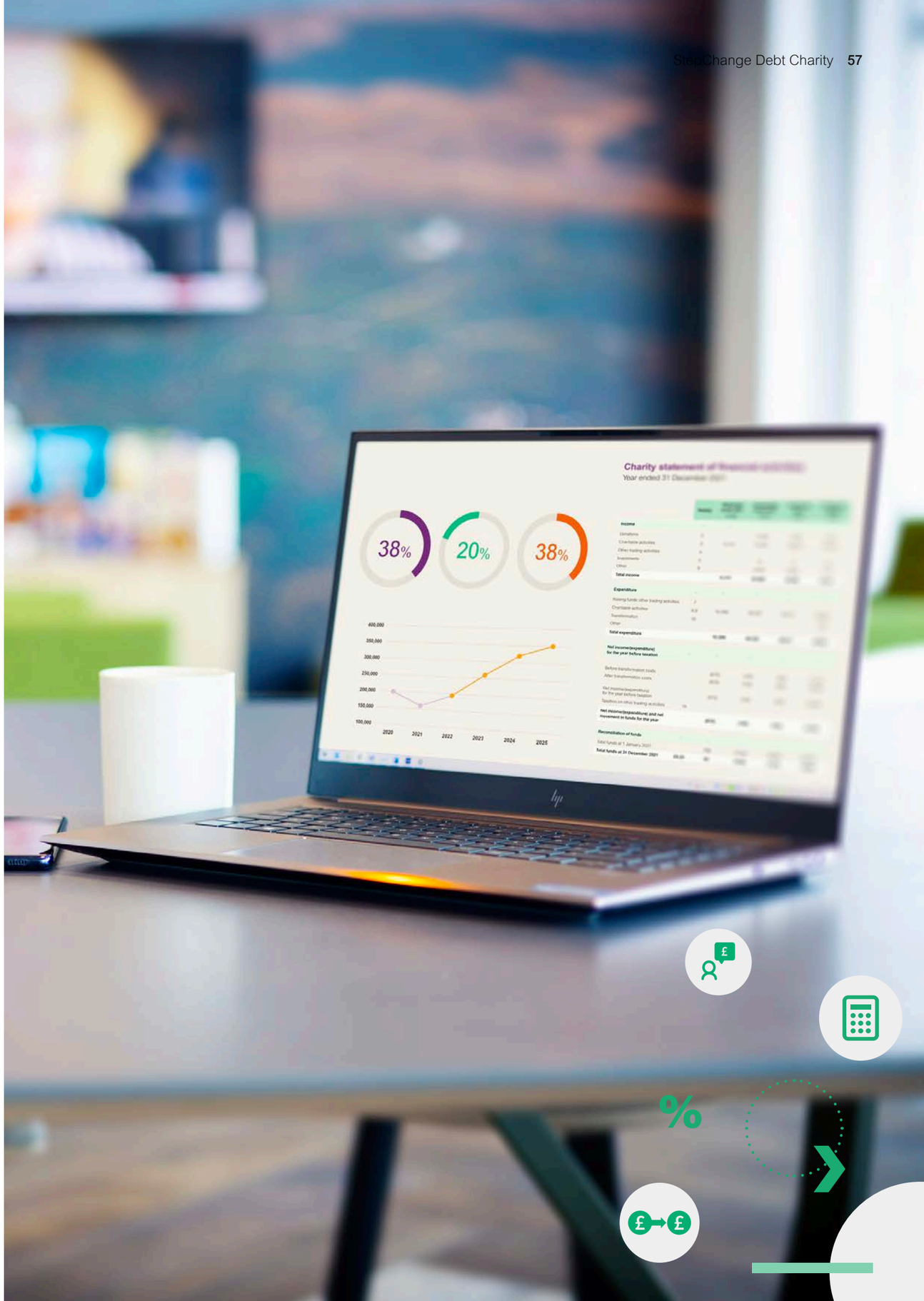
Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the charity or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- the charity financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Gary Shaw (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Leeds
6 July 2022



Consolidated statement of financial activities

Year ended 31 December 2021

	Note(s)	Restricted funds 2021 £'000	Unrestricted funds 2021 £'000	Total funds 2021 £'000	Total funds 2020 £'000
Income					
Donations	2	—	810	810	1,472
Charitable activities	3	11,717	41,787	53,504	53,559
Other trading activities	4	—	4,381	4,381	4,579
Investments	5	—	1	1	28
Other	6	—	2,280	2,280	926
Total income		**11,717**	**49,259**	**60,976**	**60,564**
Expenditure					
Raising funds: other trading activities	7	—	3,073	3,073	3,440
Charitable activities	8,9	12,389	46,128	58,517	58,802
Transformation	10	—	—	—	1,153
Other		—	—	—	7
Total expenditure		**12,389**	**49,201**	**61,590**	**63,402**
Net (expenditure)/income for the year before taxation					
Before transformation costs		(672)	58	(614)	(1,685)
After transformation costs		(672)	58	((614)	(2,838)
Net (expenditure)/income for the year before taxation		(672)	58	(614)	(2,838)
Taxation on other trading activities	14	—	—	—	—
Net (expenditure)/income and net movement of funds for the year		**(672)**	**58**	**(614)**	**(2,838)**
Reconciliation of funds					
Total funds at 1 January 2021		755	17,334	18,089	20,927
Total funds at 31 December 2021	22,23	**83**	**17,392**	**17,475**	**18,089**

Charity statement of financial activities

Year ended 31 December 2021

	Note(s)	Restricted funds 2021 £'000	Unrestricted funds 2021 £'000	Total funds 2021 £'000	Total funds 2020 £'000
Income					
Donations	2	—	2,158	2,158	2,797
Charitable activities	3	11,717	41,787	53,504	53,559
Other trading activities	4	—	—	—	—
Investments	5	—	6	6	33
Other	6	—	2,031	2,031	715
Total income		**11,717**	**45,982**	**57,699**	**57,104**
Expenditure					
Raising funds: other trading activities	7	—	—	—	—
Charitable activities	8,9	12,389	46,128	58,517	58,802
Transformation	10	—	—	—	1,153
Other		—	—	—	7
Total expenditure		**12,389**	**46,128**	**58,517**	**59,962**
Net income/(expenditure) for the year before taxation					
Before transformation costs		(672)	(146)	(818)	(1,705)
After transformation costs		(672)	(146)	(818)	(2,858)
Net income/(expenditure) for the year before taxation		(672)	(146)	(818)	(2,858)
Taxation on other trading activities	14	—	—	—	—
Net income/(expenditure) and net movement in funds for the year		**(672)**	**(146)**	**(818)**	**(2,858)**
Reconciliation of funds					
Total funds at 1 January 2021		756	16,002	16,757	19,615
Total funds at 31 December 2021	**22,23**	**83**	**15,856**	**15,939**	**16,757**

Balance sheets

31 December 2021

	Note(s)	Group 2021 £'000	Group 2020 £'000	Charity 2021 £'000	Charity 2020 £'000
Fixed assets					
Intangible assets	15	3,603	5,662	3,603	5,662
Tangible assets	16	2,624	1,378	2,624	1,378
Investments	17	—	—	5	5
		6,227	**7,040**	**6,232**	**7,045**
Current assets					
Debtors	18	9,257	9,177	8,713	8,713
Investments		—	—	—	—
Cash and cash equivalents	19	7,120	7,400	5,991	6,358
		16,377	**16,577**	**14,704**	**15,071**
Current liabilities					
Creditors: amounts falling due within one year	20	(3,743)	(5,528)	(3,612)	(5,359)
Net current assets		**12,634**	**11,049**	**11,092**	**9,712**
Creditors: amounts falling due after one year	26	(1,386)	—	(1,386)	—
Net assets		**17,475**	**18,089**	**15,939**	**16,757**
Total group funds					
Unrestricted funds	22	17,392	17,334	15,856	16,002
Restricted funds	23	83	755	83	755
		17,475	**18,089**	**15,938**	**16,757**

The financial statements on pages 58 to 79 were approved by the Trustees on 5 July 2022 and were signed on their behalf by

John Griffith-Jones
Chair
6 July 2022

Company Registration No. 2757055 | Registered Charity No. 1016630

Cash flow statements

Year ended 31 December 2021

	Note(s)	Group 2021 £'000	Group 2020 £'000	Charity 2021 £'000	Charity 2020 £'000
Reconciliation of net (expenditure)/ income to net cash flows from operating activities					
Net movement in funds		(615)	(2,838)	(818)	(2,858)
Investment income		—	(28)	—	(33)
Depreciation and amortisation charge		2,689	2,635	2,689	2,634
Result on intangible asset write off		—	97	—	97
(Increase)/decrease in debtors		(80)	(868)	—	(964)
Increase/(decrease) in creditors		(398)	1,351	(362)	1,502
Net cash generated from operating activities		**1,596**	**349**	**1,509**	**378**
Investing activities					
Purchase of tangible and intangible fixed assets	16	(1,876)	(1,244)	(1,876)	(1,244)
Net cash inflow from current asset investments		—	—	—	—
Interest received		—	28	—	33
Net cash provided used in investing activities		**(1,876)**	**(1,216)**	**(1,876)**	**(1,211)**
Net decrease in cash and cash equivalents		**(280)**	**(867)**	**(367)**	**(833)**
Cash and cash equivalents at 1 January		7,400	8,267	6,358	7,191
Total cash and cash equivalents at 31 December	**19**	**7,120**	**7,400**	**5,991**	**6,358**

Notes to the financial statements

Year ended 31 December 2021

1. Accounting Policies

The principal accounting policies are summarised below.

a) Basis of preparation

The financial statements have been prepared in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland, ("FRS 102"), the Charities Statement of Recommended Practice, Accounting and Reporting by Charities ("SORP") FRS 102, the Charities Accounts (Scotland) Regulations 2006 (as amended) and the requirements of the Companies Act 2006. The financial statements have been prepared under the historical cost convention. In line with the Charities Accounts (Scotland) Regulations 2006 (as amended), both the consolidated results and the results for the parent charity have been included within the accounts.

The accounts have been prepared on the going concern basis. The company has strong financial resources invested with minimal risk and no borrowings. The charity projects increased expenditure on its Transformation Programme which will be reflected in an annual deficit but with reserves remaining above the minimum levels in the reserves policy. There are no material uncertainties about the charity's ability to continue. The accounting policies have been redrafted to improve the users' understanding of the financial statements. The substance of the accounting policies have been applied consistently throughout the accounts and the prior year.

The Foundation for Credit Counselling meets the definition of a public benefit entity under FRS 102. The charity exists for the benefit of the public through the provision of services to members of the public suffering with problem debt.

b) Group accounts

The consolidated accounts incorporate the results of the Foundation for Credit Counselling Limited ('the charity') and its subsidiary undertakings on a line by line basis. The consolidated entity is also referred to as 'the Group'. The list of all the subsidiary undertakings is shown in note 17.

c) Incoming resources

All income is included when the charity is entitled to the income, the amount can be quantified, and receipt of the funds is probable. The receipt of fair share contributions is deemed probable when an existing disbursement creditor has indicated they are prepared to pay the request for the fair share contribution. For new relationships, amounts are not recognised until such time as an adequate payment history has been established with the creditor. Recognition commences following the receipt of the first two monthly payment requests. Commission income from mortgage advisors and insolvency practitioners is recognised upon the receipt of the notification of creditor approval of arrangements. Investment income is recognised on an accruals basis, using daily rate calculations for funds on deposit and average balance calculations for funds held in current accounts.

Income from grants is recognised on a case-by case basis. For the Money and Pension Service, Scottish Legal Aid Board, Scottish Ministers and Welsh Ministers grant agreements, income is recognised on submission of a monthly or quarterly grant claim in accordance with the specific terms of each agreement. Funding is not received until the submission of grant claims.

In all cases, grant income is treated as restricted funds, as the provision of grant funding is for specific purposes as described at note 23. Donations are recognised when the charity becomes unconditionally entitled to the funds. Insolvency service income comprises nominee fee and supervisory fee income. Nominee fees are recognised on acceptance of the appointment following a meeting of creditors and typically for the first five months of the arrangement. Supervisory fees are recognised over the period of the arrangement resulting from ongoing payments by clients. Equity release service income is recognised on notification of the completion of an equity release or mortgage case from third party lenders.

d) Resources expended

All expenditure is accounted for on an accruals basis. Direct costs, including attributable salaries, are allocated on an actual basis to the key strategic areas of activity. Support costs are the costs of functions which support more than one of the charity's activities and have been allocated to those activities on the basis of employee numbers. Governance costs are the costs associated with the governance arrangements of the Group. These costs include external and internal audit, legal advice for Trustees, management costs preparing for and attending Trustee meetings and the costs associated with constitutional and statutory requirements. Transformation costs are incremental costs expended to develop and execute a business-wide programme of change.

e) Intangible fixed assets

The intangible asset represents the qualifying costs of developing the Pulse debt advice system. The intangible asset is stated at cost less amortisation. The amortisation is charged on a straight-line basis over the useful economic life of the system which has been estimated as being a period of 4 years. Amortisation commenced on 1 October 2019.

f) Tangible fixed assets

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided on all tangible fixed assets at rates calculated to write each asset down to its estimated residual value evenly over its expected useful life, as follows: Fixtures, fittings and equipment: 20% – 33.3% on a straight line basis

g) Investments

Money market deposits, with maturity periods of more than three months, are current asset investments that are readily convertible into cash at, or close to, their carrying amount. Fixed asset investments are stated at cost in the company balance sheet.

h) Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less.

i) Financial instruments

The charity has financial assets and financial liabilities of a kind that qualify as basic financial instruments only. There are none which qualify as complex in nature. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

j) Leasing

Rentals payable under operating leases are charged to the Statement of Financial Activities on a straight-line basis over the lease term.

k) Taxation

The charitable members of the Group are exempt from income and corporation taxes on income and gains to the extent that they are applied for their charitable objects. The trading subsidiaries do not generally pay UK corporation tax because their policy is to distribute taxable profits to the charity as Gift Aid. Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements. Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

l) Pensions

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the charity. The annual contributions payable are charged to the Statement of Financial Activities on an accruals basis.

m) Employee benefits

The costs of short-term employee benefits are recognised as a cost within the Statement of Financial Activities. The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received. Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

n) Funds

Unrestricted funds are donations and other incoming resources for the objects of the charity without further specified purposes and are available as general funds. Restricted funds are funds that can only be used for specific restricted purposes set out by the donor within the objects of the charity. The Landlord Contribution as per note 22 has been deducted from the unrestricted funds to report the reserves net of Landlord contribution.

o) Judgements and key sources of estimation uncertainty

In preparing the financial statements, the Trustees are required to make estimates and judgements. The matters below are considered to be the most important in understanding the judgements made and the uncertainties that could impact the amounts reported in the financial statements.

Intangible Impairment

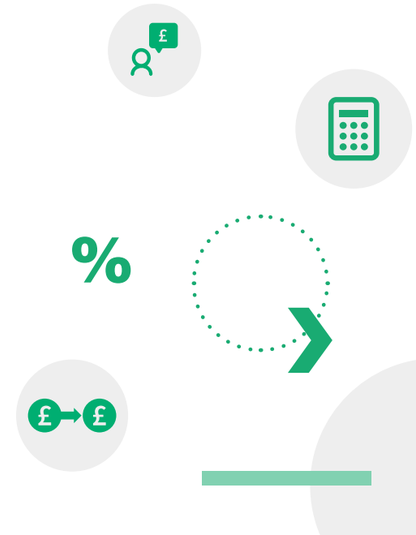
The carrying value of intangible assets requires judgement as to whether there are any indications of impairment.

Bad debt provision

The provisioning for bad debt requires judgement as to whether to provide for fair share contributions unpaid 60 days after the invoice date.

Cost allocation

Support costs are allocated to charitable activities. Judgement is required in determining and applying the cost drivers appropriate for each support activity.



2. Donations

	Group unrestricted funds 2021 £'000	Group unrestricted funds 2020 £'000	Charity unrestricted funds 2021 £'000	Charity unrestricted funds 2020 £'000
Donations from the utility sector	196	411	196	411
Other donations	614	1,061	1,962	2,386
	810	**1,472**	**2,158**	**2,797**

Included within the charity's other donations is £1,347,519 (2020: £1,324,377) received from its subsidiary undertakings through Gift Aid Donations.

3. Income from charitable activities

	Restricted funds 2021 £'000	Unrestricted funds 2021 £'000	Total 2021 £'000	Total 2020 £'000
Group				
Debt advice and solutions	**11,717**	**41,787**	**53,504**	**53,559**
Charity				
Debt advice and solutions	**11,717**	**41,787**	**53,504**	**53,559**

4. Income from other trading activities

	Group unrestricted funds 2021 £'000	Group unrestricted funds 2020 £'000	Charity unrestricted funds 2021 £'000	Charity unrestricted funds 2020 £'000
Insolvency service	3,425	3,530	—	—
Equity release services	956	1,049	—	—
	4,381	**4,579**	—	—

5. Investment income

	Group unrestricted funds 2021 £'000	Group unrestricted funds 2020 £'000	Charity unrestricted funds 2021 £'000	Charity unrestricted funds 2020 £'000
Bank interest	1	28	1	28
Intercompany interest receivable	—	—	5	5
	1	**28**	**6**	**33**

6. Other income

	Group unrestricted funds 2021 £'000	Group unrestricted funds 2020 £'000	Charity unrestricted funds 2021 £'000	Charity unrestricted funds 2020 £'000
Commission income from mortgage advisors and insolvency practitioners	41	114	41	114
Other	2,239	812	1,990	601
	2,280	**927**	**2,031**	**715**

7. Expenditure on raising funds: other trading activities

	Group unrestricted funds 2021 £'000	Group unrestricted funds 2020 £'000	Charity unrestricted funds 2021 £'000	Charity unrestricted funds 2020 £'000
Insolvency service	2,162	2,397	—	—
Equity release services	911	1,043	—	—
	3,073	**3,440**	—	—

8. Expenditure on charitable activities

	Direct costs 2021 £'000	Support & governance costs 2021 £'000	Total 2021 £'000	Total 2020 £'000
Group unrestricted funds				
Debt advice	8,674	10,461	19,135	22,822
Client management	13,078	8,751	21,829	20,701
Promotion of charitable purpose	4,082	1,081	5,163	4,523
Total	**25,834**	**20,293**	**46,127**	**48,046**
Group restricted funds				
Debt advice	9,585	2,754	12,339	10,345
Client management	20	7	27	57
Promotion of charitable purpose	23	—	23	354
Total	**9,628**	**2,761**	**12,389**	**10,756**
Total expenditure on charitable activities	**35,462**	**23,054**	**58,516**	**58,802**
Charity unrestricted funds				
Debt advice	8,674	10,461	19,135	22,822
Client management	13,078	8,751	21,829	20,701
Promotion of charitable purpose	4,082	1,081	5,163	4,523
Total	**25,834**	**20,293**	**46,127**	**48,046**
Charity restricted funds				
Debt advice	9,585	2,754	12,339	10,345
Client management	20	7	27	57
Promotion of charitable purpose	23	0	23	354
Total	**9,628**	**2,761**	**12,389**	**10,756**
Total expenditure on charitable activities	**35,462**	**23,054**	**58,516**	**58,802**

Debt advice costs are defined as the costs incurred in providing debt advice to new clients.

Client management costs are defined as the costs incurred in the management of clients who are provided with debt solutions with the charity.

Promotion of charitable purposes costs are defined as the costs incurred in the promotion of our services to key stakeholders including creditors, funders, clients, public sector bodies and governments.

9. Analysis of support and governance costs on charitable activities

	Debt advice 2021 £'000	Client management 2021 £'000	Promotion of charitable purpose 2021 £'000	Total 2021 £'000	Total 2020 £'000
Unrestricted funds					
IT, digital & change	5,432	4,775	590	10,797	10,651
Corporate services	3,091	2,441	301	5,833	5,598
People services	1,753	1,389	172	3,314	3,258
Governance	185	146	18	349	342
Total	**10,461**	**8,751**	**1,081**	**20,293**	**19,849**
Restricted funds					
IT, digital & change	2,718	7	—	2,725	2,183
Corporate services	20	—	—	20	85
People services	16	—	—	16	229
Total	**2,754**	**7**	**—**	**2,761**	**2,497**
Total support and governance costs	**13,215**	**8,758**	**1,081**	**23,054**	**22,346**

The Support costs have been allocated to the charitable activities on the basis of employee numbers except for the amortisation of the Pulse system which has been allocated fully to debt advice costs.

The functional area costs include directly attributable costs (e.g. staff costs, IT licensing costs, recruitment costs) and allocations of shared overhead costs (e.g. premises rentals) on the basis of employee numbers.

Corporate Services costs comprise the costs of the Executive team, Finance, Risk and Compliance, plus the balance of central overheads which cannot be attributed to a single area. People Services costs comprise the Human Resources and Training teams.

Governance costs comprise internal and external audit costs and the management cost of preparing for and attending Trustee board meetings.

10. Transformation

	Group and charity 2021 £'000	Group and charity 2020 £'000
Professional fees	—	—
Incremental project resource costs	—	1,153
	—	**1,153**

11. Auditors' remuneration

	Total 2021 £'000	Total 2020 £'000
Fees payable to the charity's auditors		
Audit of the financial statements (charity)	53	49
Audit of the financial statements (subsidiaries)	17	17
Other assurance services	38	37
Tax advisory services	28	15
	136	**118**

12. Employees

	2021 No.	2020 No.
i) Average number of persons employed by the group		
Debt advice	607	658
Client management	477	484
Promotion of charitable purposes	50	49
Insolvency services	59	66
Equity release services	21	25
Support services	236	245
	1,450	**1,527**

The total average full time equivalent (FTE) numbers in 2021 were 1,388 (2020: 1,464).

	2021 No.	2020 No.
ii) Staff costs		
Wages and salaries	37,578	38,972
Social security costs	3,605	3,781
Pension costs	2,750	1,938
Other payroll related benefits	248	279
	44,181	**44,970**

The remuneration of key management personnel (members of the Executive team) is £1,386,000 (2020: £1,279,000). The total remuneration of the Chief Executive Officer was £208,719 in 2021 of which £186,258 comprises basic salary (2020: total remuneration £190,963 and basic salary £167,508). The Chief Executive Officer is not a member of the contributory pension scheme and total remuneration includes a payment in lieu of pension contributions of £12,276 (2020: £11,404).

The remuneration of higher-paid staff, excluding pension contributions, fell within the following ranges:

	2021 No.	2020 No.
£60,001 – £70,000	12	17
£70,001 – £80,000	9	8
£80,001 – £90,000	6	9
£90,001 – £100,000	2	—
£100,001 – £110,000	1	3
£110,001 – £120,000	3	—
£120,001 – £130,000	2	2
£130,001 – £140,000	1	1
£140,001 – £150,000	—	1
£150,001 – £160,000	—	1
£160,001 – £170,000	—	—
£170,000 – £180,000	1	—
£180,000 – £190,000	—	1
£190,001 – £200,000	—	—
£200,001 – £210,000	1	—
Total	**38**	**43**

Contributions were made to defined contribution schemes for a total of 36 (2020: 41) of higher-paid employees.

13. Trustees

Prior to the current Chair's appointment, a written order was approved by the Charity Commission for a "regulated alteration" to the Articles of Association to permit remuneration to the Chair of the Board and a special resolution to amend the Articles was passed in April 2019.

In line with this approval, the Chair of the Board of Trustees, John Griffith-Jones received remuneration of £12,000 in the year. No additional benefits or pension contributions were paid.

None of the remaining Trustees (or any persons connected with them) received any remuneration during the year. One of the Trustees was reimbursed for out of pocket expenses incurred in attending Trustee meetings totalling £255.02 (2020: One Trustee reimbursed for expenses totalling £88)

Indemnity insurance is taken out to provide liability cover to protect any charity Trustee, employee or officer from claims arising against them as a result of an actual or alleged 'wrongful act' when performing the scope of their regular duties. The cost of providing this insurance is £26,817 (2020: £13,093).

14. Taxation on other trading activities

As a charity, the company is exempt from tax on income falling within Part II of the Corporation Tax Act 2010 and on gains falling within S.256 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied to its charitable objectives. No tax charges have arisen in the charity.

	Total 2021 £'000	Total 2020 £'000
Analysis of charge in the year		
Deferred tax on trading losses	—	—

15. Intangible assets

	Group £'000	Charity £'000
Cost		
At 1 January 2021	8,236	8,236
Additions	—	—
Group transfers	—	—
Write-off	—	—
At 31 December 2021	**8,236**	**8,236**
Accumulated Amortisation		
At 1 January 2021	2,574	2,574
Charge for the year	2,059	2,059
Group transfers	—	—
Write-off	—	—
At 31 December 2021	**4,633**	**4,633**
Net book value		
At 31 December 2021	**3,603**	**3,603**
At 31 December 2020	**5,662**	**5,662**

All intangible assets relate to internal software development.

16. Tangible assets

	2021		2020	
	Group £'000	Charity £'000	Group £'000	Charity £'000
Cost				
At 1 January	8,281	7,856	7,037	6,612
Additions	2,265	2,265	1,244	1,244
Group transfers	—	—	—	—
Disposals	(270)	(270)	—	—
At 31 December	**10,276**	**9,851**	**8,281**	**7,856**
Accumulated Depreciation				
At 1 January	6,903	6,478	6,327	5,903
Charge for the year	907	907	576	575
Group transfers	—	—	—	—
Disposals	(158)	(158)	—	—
At 31 December	**7,652**	**7,227**	**6,903**	**6,478**
Net book value				
At 31 December	**2,624**	**2,624**	**1,378**	**1,378**
At 1 January	**1,378**	**1,378**	**710**	**709**

All tangible assets are fixtures, fittings and equipment.

17. Investments

Charity	2021 £	2020 £
Subsidiary undertakings	**5,001**	**5,001**

	Company registration	Activities	2021 £	2020 £
Subsidiary undertakings as at 31 December				
Consumer Credit Counselling Service (Voluntary Arrangements) Ltd	05659160	Insolvency services	1	1
Consumer Credit Counselling Service (Equity Release) Ltd	06741879	Advice for Equity Release and Mortgages	5,000	5,000
Debt Remedy Ltd	07869502	Dormant	—	—
StepChange Equity Release Ltd	08056301	Dormant	—	—
StepChange Financial Solutions Ltd	08561006	Dormant	—	—
StepChange Voluntary Arrangements Ltd	08056168	Dormant	—	—
			5,001	**5,001**

The registered office for all group companies is 123 Albion Street, Leeds, LS2 8ER.

Foundation for Credit Counselling held a 100% interest in all of the subsidiary undertakings. A summary of the results and balance sheet of the subsidiaries are given below:

	2021 £'000	2020 £'000
Consumer Credit Counselling Service Voluntary Arrangements Limited		
Turnover	3,557	3,575
Cost of sales	(1,488)	(1,738)
Gross profit	2,069	1,837
Administrative expenses	(673)	(658)
Profit for the financial year	**1,396**	**1,179**
Assets	1,661	1,527
Liabilities	(271)	(354)
Shareholders' funds	**1,390**	**1,173**
Consumer Credit Counselling Service (Equity Release) Limited		
Turnover	1,072	1,215
Cost of sales	(911)	(1,043)
Operating profit	(160)	172
Interest payable	(5)	(6)
Taxation	—	—
Profit for the financial year	**(155)**	**166**
Assets	545	616
Liabilities	(394)	(451)
Shareholders' funds	**151**	**165**

18. Debtors

	Group 2021 £'000	Group 2020 £'000	Charity 2021 £'000	Charity 2020 £'000
Due within one year				
Trade debtors	5,056	4,978	4,013	3,928
Prepayments and accrued income	4,163	4,140	4,132	4,090
Other debtors	38	59	36	58
Amounts owed by group undertakings	—	—	533	437
	9,257	9,177	8,713	8,513
Deferred tax asset (note 14)	—	—	—	—
	9,257	**9,177**	**8,713**	**8,513**
Due after more than one year				
Amounts owed by group undertaking	—	—	200	200
Total	**9,257**	**9,177**	**8,913**	**8,713**

The amount owed by a group undertaking after more than one year is a loan of £200,000 (2020: £200,000) made to Consumer Credit Counselling Service (Equity Release), a trading subsidiary of Foundation for Credit Counselling. Interest is charged at a rate of 2.50% and is subject to annual review. The loan is repayable on any date agreed in writing between the parties or within 30 days of receipt of a written request from the Lender (which the Lender agrees it will only serve on the Borrower if, in the reasonable opinion of the Lender, the Borrower has financial resources available to it to repay the Loan at that time). The Trustees do not currently envisage either event to crystallise within 12 months of the balance sheet date.

19. Cash and cash equivalents

	Group 2021 £'000	Group 2020 £'000	Charity 2021 £'000	Charity 2020 £'000
Cash and cash equivalents				
Cash balances	7,120	7,400	5,991	6,358
Bank deposits	—	—	—	—
Total cash and cash equivalents	**7,120**	**7,400**	**5,991**	**6,358**

Bank deposits are included within cash and cash equivalents when they have an original maturity of 3 months or less.

20. Creditors: amounts falling due within one year

	Group 2021 £'000	Group 2020 £'000	Charity 2021 £'000	Charity 2020 £'000
Creditors: amounts falling due within one year				
Trade creditors	743	1,575	715	1,540
Other taxes and social security costs	761	986	743	966
Accruals and other creditors	2,239	2,967	2,154	2,853
	3,743	**5,528**	**3,612**	**5,359**

21. Operating lease commitments

	Land and buildings 2021 £'000	Other 2021 £'000	Total 2021 £'000	Total 2020 £'000
Expiry date				
Within one year	208	19	227	131
Between one and five years	1,007	147	1,154	2,155
After five years	7,205	—	7,205	8,402
	8,420	**166**	**8,586**	**10,688**
Net expenditure for the year before taxation is stated after charging				
Operating lease charges	**2,038**	**165**	**2,203**	**1,961**

22. Movements in unrestricted funds

	At 1 Jan 2021 £'000	Incoming resources £'000	Outgoing resources £'000	At 31 Dec 2021 £'000
Group				
Unrestricted reserves	17,334	49,259	(49,201)	17,392
Landlord contribution	—	(277)	1,940	1,663
Reserves net of Landlord contribution	**17,334**	**48,981**	**(47,261)**	**19,055**
Charity				
Unrestricted reserves	16,002	45,982	(46,128)	15,856
Landlord contribution	—	(277)	1,940	1,663
Reserves net of Landlord contribution	**16,002**	**45,705**	**(44,188)**	**17,519**

23. Movements in restricted funds

	At 1 Jan 2021 £'000	Incoming resources £'000	Outgoing resources £'000	At 31 Dec 2021 £'000
Group and charity				
MaPS	14	10,574	(10,589)	—
Ireland - Advice	302	(302)	—	—
Scottish Ministers	156	1,207	(1,336)	27
Welsh Ministers	—	174	(174)	—
Barclays Execution Services Limited	283	—	(283)	—
Gambling Commission - Betway	—	64	(8)	56
	755	**11,717**	**(12,389)**	**83**

MaPS Grant

FCC continued to receive grant funding from the Money and Pension Service (MaPS) to support advice provided by both telephone and digital channels for the period up to 31st March 2022. Through the year additional grant funding was received to fund the establishment of a persistent debt service and to support sector collaboration in the Pilot Advisor Capacity Efficiency (PACE) project. Following the impact of the COVID-19 pandemic, additional grant funds were made available to mitigate core income stream reductions and protect advice capacity and to support the development of a specific COVID payment plan (CVPP) product, tailored for clients suffering short-term adverse debt servicing impacts as a result of the pandemic.

Ireland – advice

FCC received funding from a number of Irish institutions to provide debt advice to financially distressed people resident in the Republic of Ireland, a project which concluded on the 31st March 2019. The COVID-19 pandemic ended the realistic possibility of any immediate further partnership with Ireland's Money Advice and Budgeting Service (MABS) and agreement was reached to return surplus funds during the first quarter of 2021.

Scottish Ministers

FCC received funding under two agreements from the Scottish Ministers. Firstly, for the provision of a telephone debt advice service to indebted individuals for a 1 year period from the 1st April 2019 and subsequently the provision of a specialist debt service with a particular focus on vulnerable clients for the period from 30th May 2019 to 31st March 2020. Both of these agreements were renewed up to 31st March 2022 and an additional agreement was also entered into to increase the support for vulnerable clients as well as building on knowledge and providing training to colleagues on certain key areas.

Welsh Ministers

FCC received funding for the provision of a telephone debt advice to indebted individuals for a 1 year period from the 1st April 2019 from the Welsh ministers. This agreement was renewed up to 31st March 2022.

Barclays Execution Services Limited

FCC received funding in July 2020 to support the recruitment and training of additional debt advisors in response to the COVID-19 pandemic. Advisors were onboarded during August to October 2020, with funding to support provided until April 2021.

The summary of the assets and liabilities for the total restricted funds, disclosed by contract and the total unrestricted funds at 31 December 2021 is shown overleaf.

	MaPS	Scotland £'000	Wales £'000	Ireland £'000	Barclays £'000	Betway £'000	Total restricted £'000	Total unrestricted £'000	Total funds £'000
Fixed Assets									
Intangible assets	—	—		—	—	—	—	—	—
Tangible assets	—	—		—	—	—	—	—	—
	—	—		—	—	—	—	—	—
Current Assets									
Debtors	—	—	—	—	—	—	—	—	—
Investments	—	—	—	—	—	—	—	—	—
Cash at bank and in hand	—	27	—	—	—	56	83	—	83
	—	27	—	—	—	56	**83**	—	**83**
Creditors: Amounts falling due within one year	—	—	—	—	—	—	—	—	—
Net Current Assets	—	**27**	—	—	—	**56**	**83**	—	**83**
Net Assets	—	**27**	—	—	—	**56**	**83**	—	**83**

24. Related party disclosures

On a consolidated basis, there were no (2020: none) transactions undertaken with related parties during the year. The charity provided a loan of £200,000 (2020: £200,000) to Consumer Credit Counselling Service (Equity Release). The details are disclosed within note 18.

25. Pension costs

The charity operates defined contribution pension schemes. The assets of the schemes are held separately from those of the company, being invested with insurance companies as per the employee's instructions. The pension cost charge represents contributions payable by the charity to the pension funds and amounted to £2,750,191 (2020: £1,937,845). At the year end the pension creditor amounted to £265,322 (2020: £313,402).

26. Creditors: amounts falling due after more than one year

	Group 2021 £'000	Group 2020 £'000	Charity 2021 £'000	Charity 2020 £'000
Creditors: amounts falling due after one year				
Trade creditors	—	—	—	—
Other taxes and social security costs	—	—	—	—
Accruals and other creditors	1,386	—	1,386	—
	1,386	—	**1,386**	—

Thank you to our supporters

Each of these organisations supported us financially in 2021, and many have worked with us on policy to improve the debt landscape. We'd like to express our gratitude for their support, without which our work would not be possible.

118 118 Money
Aberdein Considine & Co
Affinity Water
American Express
Anglian Water
Arrow Global
Auden Group Limited
Barclays UK
Betway Group
Bristol and Wessex Water
Bristow & Sutor
British Gas
Cabot Credit Management
Capital One
Capital Resolve
CARS
Clarion Housing
Computershare
Co-operative Bank
Creation Financial Services
Credit Security
Curo Group
Damart
DPD
E.ON
Elderbridge
Freeman Grattan Holdings
Harvey and Thompson
Hitachi Capital
Hoist Finance
Home Retail Group
Hoopers Department Store
HSBC Bank
Ikano Bank
Intrum
Jaja Finance
Klarna
Lantern
Leeds Building Society
Lendable Ltd
Link Financial
Lloyds Banking Group
Lowell Financial
Marston Group
McCambridge Duffy
Money and Pensions Service
Moneyline
Monzo
Moorcroft Debt Recovery
Morses Club
N Brown
Nationwide Building Society
NatWest
NewDay
Northumbrian Water
Nottingham Building Society
OVO Energy
Paragon
Pega
PRA Group
Provident Financial Group
Red Kite Community Housing
Redcats
Royal Mail
Sainsbury's Bank
Santander
Scottish Government
Secure Trust Bank
Shelby Finance
Shell Energy
Southern Water
Spark Energy
SteadyPay Limited
StepChange Financial Solutions
StepChange Voluntary Arrangements
TBI Financial Services
Tesco Bank
The Very Group
TSB
United Utilities
Utilita Energy
Virgin Money
Welsh Government
Welsh Water
Yorkshire Water
Zopa



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StepChange Debt Charity

FOUNDATION FOR CREDIT COUNSELLING

England & Wales - Charity number 1016630

Accounts

StepChange Debt Charity



Supporting the nation





Annual Report and Accounts 2020

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Overview





Chair's statement

Last year, I began this introductory statement with a reflection on how things change; 2019 was already beginning to feel like ancient history by the time our Annual Report was published toward the mid-point of 2020. This year, perhaps I should reflect on quite how long "temporary" change can persist, as we have continued to experience the ongoing effects of the pandemic far more deeply and perniciously than any of us would have hoped.

Yet 2020 still managed to be an impressive year on a number of levels for StepChange, and one in which it was a privilege for me and for my fellow Trustees to support the charity in its work, which required decisions both brave and timely in the face of a rapidly evolving situation.

While the Executive team grappled with the operational requirements of ensuring continuity of services across a brand new "work from home" necessity for an office-based, regulated workforce of over 1,500, they were simultaneously looking to the future, both near- and long-term. I have been impressed with how the entire team has managed to retain a strategic focus despite the prevailing pressure, and even with the chill winds of change we remain on course to be able to fulfil our aspirations in terms of improving both the quality and the flexibility of the services we offer over coming months and years.

Perhaps the most unexpected challenge we faced in 2020 was the gap between the demand for information and the demand for debt solutions. In line with the sector as a whole we initially expected a surge in demand for our support. What actually happened was somewhat different. StepChange's website saw higher traffic than ever before, with over four million people seeking information and delivering huge insight over the course of the year about what was exercising and worrying consumers in terms of debt and financial pressure. But demand for full debt advice, and for debt solutions saw a marked decline, as the main body of this report explains. While this may seem counter-intuitive, it was felt across the sector. With hindsight it is understandable in the context of the emergency support measures – such as employment support, temporary uplifts in benefits, and the deferred payment schemes mandated by regulators in the areas of mortgages, consumer credit and overdrafts. To give credit where it is due, these prompt and decisive actions of the government and the regulators meant that many, many people who would otherwise be in considerable financial distress were given a lifeline, which did the job for which it was intended. Many, but not all. As the statistics now clearly show, there has been a bifurcated result. The many have been protected and together with lock down "enforced" saving have actually saved more or borrowed less. But we must not forget the rest, and as our and others' research shows, there are renters, single parents, young and self-employed whose finances are in a truly precarious state and whose issues have been deferred rather than gone away.

The question that is as yet unanswered, across the whole of the debt advice sector, is: at what point will that demand re-emerge? The answer will inevitably depend on the strength of the economic bounce back and the government's skill in tapering its support measures. While we model the possible answers to that question, we have been taking a moderate and prudent approach. On the one hand, we cannot be oblivious to the uncertain funding climate; on the other, we know that underlying debt problems have worsened rather than lessened over the course of the pandemic for many people who have yet to seek help.

At StepChange we have been deeply grateful to both Westminster and the devolved governments, to the Money and Pensions Service and to our regular creditor funding partners for going above and beyond normal support, right through 2020 and, indeed, into 2021. While we take seriously our role as a "critical friend" to policymakers, and have successfully influenced a range of policy outcomes in the debt landscape in 2020, the fact that we do not always agree does not diminish the strength of our appreciation for the extraordinary support we received in this strangest of years.

Financially it has become more challenging since the year end as our FairShare income reduces and the emergency support that we received from the government stopped in March 2021. Our Board has maintained a steady resolution to ensure the charity's financial security. Our reserves policy has flexed only marginally, despite all the tribulations of 2020, as we all recognise that StepChange absolutely must be here to serve the needs of those who will need our help for years to come. That said, we were not afraid to approve investment in the development of the Covid Payment Plan, a new short-term debt management approach for those affected by the pandemic, to sit alongside existing solutions and approaches.

Exceptional times call for exceptional measure. And as this report goes to print, the long expected increase in demand for debt advice has not yet materialised, in large part due to the success of government temporary support measures. This has real operational challenges for us as an organisation. It does, regrettably, mean that in early 2021 StepChange is embarking on a deeply painful process of stabilising our pandemic finances, involving redundancies amongst our valued colleagues. I have no doubt that this is the right decision for the long term future of the charity but it does have short term pain for us as an employer. My thanks go to all who support us, as well as to our hard-working colleagues and my fellow Trustees, whose combined efforts mean that ways out of debt are widely and freely available to all who need them.



John Griffith-Jones
Chair







CEO's statement

At the end of 2019, we had no way of knowing quite what an extraordinary year 2020 would prove to be – for our clients, for our colleagues, for our partners and funders. All have been, and continue to be, amazing. Together, we have proved that we really are maturing into the organisation we want to be – flexible, efficient, resilient and solution-focused.

From a standing start when the first lockdown materialised, as an organisation previously based on a traditional office-based working model, we successfully and quickly transformed ourselves to deliver the same seamless and supportive services to our clients through home-based working. We will be forever grateful to those funders who went the extra mile and helped us buy laptops to ensure that we were able to set up our colleagues with the necessary tools for the job.

Once we were over the initial operational hurdles, we learned as we went. Looking back over the year it's very clear that the learning experience has been challenging, but our colleagues have risen to the moment. We created new virtual training academies and received excellent feedback from those we trained. We significantly improved the way in which colleagues communicate with each other, using new technology platforms, and have seen a blossoming of mutual support and better ways of working emerging as a result. We researched what our clients were experiencing as a result of Covid, and put them at the centre of our response. I'm humbled to say we've become a more human organisation over the past year, and I hope that the benefits of that will be long-lasting.

None of this would have been possible had we not invested heavily in our systems and business resilience strategies in previous years. While we could never have anticipated it, the skillsets we were able to draw on within our team resulted not only in being able to deliver existing services, albeit in a completely different way, but also to develop new flagship innovations. Perhaps most notable was our new Covid Payment Plan, a temporary 12-month product for these unique times, designed to complement the suite of long-term debt solutions by giving people who are hopeful but cash-strapped a sensible, structured lower payment period with equitably distributed payments to creditors along the lines that our partners already know and trust. During this time we have continued to invest in our digital tools, moving ever closer to delivering a true, omnichannel debt advice experience for our clients.

Of course, 2020 was far from plain sailing.

Perhaps the biggest challenge has been the difficulty in accurately forecasting demand for debt advice, and the likely mix of solutions appropriate to clients in these very different conditions. The client paradox of 2020 was that we – along with other debt advice providers – saw fewer clients actually going through full debt advice than in previous years, despite the worsening economic environment. As the pandemic stayed entrenched for far longer than had seemed likely at the start of the year, the attendant emergency support measures were extended again and again. We are now seeing that the full scale of the UK population's financial problems has yet to crystallise due in large part to the unprecedented level of government support made available during the pandemic.

We've been seeking reform to debt advice funding structures for some time, and the pandemic certainly laid bare the flaws in the existing models that rely to a large degree on setting up debt solutions. I'm enormously proud that, despite the various challenges, we maintained our reserves position – and we greatly appreciated the responsiveness of HM Treasury, the Money and Pensions Service, the devolved Governments and our creditor partners in finding creative and flexible ways to meet our unforeseen capital needs and protect our capacity through this unusual period.

Pandemic aside, we also continued our proud tradition of giving our clients a voice, and ensuing that voice was heard among policymakers. Our successes to improve the landscape for people in debt included significant reforms to address the detriment being caused by opportunistic lead generators for debt management solutions, as well as the announcement of significant reforms to the consumer credit environment. Every such success helps to protect our current and future clients from harm.

As 2020 gave way to 2021, the future remained uncertain for many of us. As our Chair has written on previous pages, demand for debt advice remains markedly suppressed. As Chief Executive my ultimate responsibility is to our colleagues and the clients who rely on our services. To ensure that we can support those who need us in the months and years ahead we face difficult decisions and painful moments for the charity. I remain enormously grateful to all partners, supporters and colleagues who ensure that we are here to help those throughout the Covid crisis, its aftermath and beyond. We look forward to a future in which we can help more and more people become debt free. Thank you to all who support us.



Phil Andrew
Chief Executive Officer

Why free debt advice matters more than ever

Whilst many households have saved money during the pandemic – taking advantage of lower expenditure as day-to-day travel, holidays and shopping were curtailed, for others the coronavirus pandemic has caused a steep drop in income. Between March 2020 and January 2021, over 11 million people built up £25 billion of arrears and debt to pay for essentials. Our research in January 2021 also found 19.2m people (38% of British adults) have faced a loss of income because of the pandemic[1].

As the number of people facing financial difficulty builds across the UK, it is now more important than ever that free debt advice is available to help them get back on their feet.

11m
people have built up £25 billion of arrears and debt to pay for essentials[2]

19.2m
people have faced a loss in income because of the pandemic[3]

There is £1.674 trillion of outstanding personal debt in the UK[4]

£12,632
was the average unsecured client debt in 2020[5]

111,424
people had a personal insolvency across England and Wales in 2020[6]

[1/2/3] Covid Debt Rescue report, StepChange Debt Charity, March 2021
[4] Money and Credit Statistics, Bank of England, December 2020
[5] Statistics Yearbook, StepChange Debt Charity, April 2021
[6] Individual Insolvency Statistics, The Insolvency Service, October to December 2020

Our vision

Our vision is to create a society free from problem debt.

Our mission

Our mission is to provide free and impartial debt advice and solutions for people struggling with problem debt. We also influence public policy and private sector practice to stop people from falling into problem debt.



Impact report

Our five-year strategy

It's clear that the pandemic has had a real impact on our ability to deliver against our strategic goals, including impacting our finances and reducing the number of people we took through full debt advice. But despite these pressure, we continued to make progress towards many of our goals and objectives.

We're continuing to:

Help people by...

- Investing in both our online and telephone services
- Offering a full range of recommendations and solutions to clients, based entirely on their needs
- Introducing new early intervention services to help prevent more people reaching problem debt
- Introducing new early intervention services to help prevent more people reaching problem debt
- Maximising efficiency and working with our partners to deliver value and impact

Deliver a true omni-channel client experience

For the first time in 2020, we have delivered a new, end-to-end omni-channel client experience through debt advice. This means that clients can choose the channel – telephony or online – that is right for them.

It also means they can switch between channels, get support over the phone at any point in their journey or start on the phone and finish online at a time that is convenient for them.

This marks a systemic shift in our ability to help people efficiently and respond to changing client needs, all whilst maintaining the high quality of our debt advice.

Work together with our colleagues and partners…

Our colleagues are the foundation of our plans for the future and working together with our partners is central to everything we do.

We're continuing to develop by:

- Identifying and embedding career opportunities to help us grow, retain and reward talent
- Continuing to deliver graduate entry and apprenticeship schemes
- Working with partners to create joint policy initiatives to reduce the harm of problem debt



How we're delivering

Our Trustees follow the Charity Commission's general guidance on public benefit and supplementary guidance for charities whose aims, like ours, include preventing or relieving poverty.

We also adhere to rules from the Office of the Scottish Charity Regulator.

In 2020 our activities were in line with our charitable objectives. Our progress against these objectives is described in the following sections.

Our Annual Report measures are progress against our key strategic objectives. In 2020 the headwinds of the pandemic which exacerbated the pressures on an already creaking sector funding model have impacted our ability to deliver against our key objectives.

Our five-year strategy sets out our ambition to double the number of people we help. In fact, 2020 saw us take fewer people through full debt advice (198,980 in 2020, compared to 301,574 in 2019). Whilst StepChange and others across the sector believe problem debt is increasing across the country, the unprecedented level of government support has prevented many people from falling over the financial cliff-edge or, at the least, ensured that financial troubles have yet to crystalise.

As an organisation, we are funded based on taking people through full debt-advice and supporting them on to long-term debt solutions. We have long highlighted the challenges, complexities and contradictions in this funding model and 2020 has starkly demonstrated our concerns. As we help fewer people than in previous years, we face funding challenges and difficult decisions in 2021.

However, our amazing colleagues have continued to deliver amidst the professional and personal pressures they have faced in 2020.

Objective 1:

Cutting edge work on advice and solutions

Our first objective is to provide free debt advice and solutions for people struggling with problem debt.

In 2020 we expanded our role in providing the widest range of practical debt solutions of any provider in the UK by launching the Covid Payment Plan (CVPP).

The CVPP is a new debt solution that was created to support those needing short term financial help due to the coronavirus pandemic. We also published research into how clients and the general public have been financially affected during the pandemic, and launched a pilot to encourage more clients to seek debt advice online.

Who we supported:
Among new clients accessing debt advice in 2020[7]:

- Three in five (60%) were women
- Half (50%) were in a vulnerable situation, up from 44% in 2019
- Almost one quarter (22%) were single parents, compared to 6% of the wider population
- One third (33%) were in receipt of Universal Credit
- More than one third (34%) were renting privately
- Two thirds (67%) had at least one credit card debt
- More than one third (36%) of clients were behind on council tax

Key achievements:
The Covid Payment Plan

To respond to the pandemic we launched the Covid Payment Plan (CVPP), a new debt solution to help those who have been put into short-term financial hardship as a direct result of Covid-19. We launched CVPP in just eight months.

The CVPP is a helping hand, offering clients an alternative to full debt advice, long-term restructuring of debt or taking additional borrowing to repay arrears. By enabling clients to make reduced payments towards their monthly financial commitments such as credit cards or loans, our new product gives them time to recover their incomes and regain control of their financial situation.

7 StepChange Debt Charity, Statistics Yearbook 2020 https://www.stepchange.org/Portals/0/assets/pdf/stepchange_statistics_yearbook_2020.pdf

Key statistics:

How we're performing

4.4 million
clients reached in total*

242,369
clients guided**

198,980
clients advised***

40,700
clients supported****

£436m
of debt was repaid by clients

24,042
clients became free from problem debt with our support

*The number of people who have visited our website or called our phoneline for information or support with their money or problem debt.

**The number of people who've used a StepChange money guidance or advice tool to support them with budgeting, income or to identify what support they'll need with problem debt.

***The number of people who have completed full debt advice or received emergency advice or support.

****The total number of new clients supported in 2020.

Tracking the impact of the pandemic

To share our understanding of the ways our clients have been financially affected by the coronavirus pandemic, we published a series of monthly reports from March 2020 which identified the demographic groups seeking debt advice, and which types of debt affected them.

In December 2020, we also conducted an in-depth review of clients' experiences. Using debt advice data and a survey of our clients, this report explored the factors that have underpinned clients' financial difficulty during the pandemic, and how they've coped during this difficult time.

This series of reports found that many of the same demographic groups that were 'debt vulnerable' before the pandemic continued to be over-represented among clients seeking full debt advice. For example, we continued to advise a disproportionately high number of women, younger people, single parents, and renters during the pandemic. The reports also found that an increasing proportion of clients had fallen behind on essential household bills, and that credit cards continue to be the most common form of unsecured debt.



StepChange 'Your Way'

To prepare ourselves for the increase in people needing our help during the pandemic we began to pilot a seamless omni-channel approach to debt advice allowing a client to access our services at a time and through a channel that suits them. Clients also have the opportunity to change between channels, such as online and telephone, as they choose with a webchat function also available.

In October 2020 two of our telephone debt advice teams in Chester piloted the approach. Early results are good, with the majority of clients providing positive feedback about the flexibility of the approach. StepChange 'Your Way' also gives our debt advice teams an increased capacity to help more people who particularly need advice via telephone.

Supporting vulnerable clients

Working on our Vulnerability Strategy continues to be high priority, particularly in light of the pandemic as we saw the highest disclosure of vulnerability amongst our clients in 2020. Last year a new Vulnerability Training Programme was delivered to 100% of our client-facing colleagues and built into our New Starter Academy. Our partners Mental Health UK and Surviving Economic Abuse helped us to redesign the debt advice journey to enable our debt advisors to refer clients to specialist services easily, and they also provided expert training for our specialist vulnerability team.



Success with bankruptcy eligibility criteria in Scotland

Working in collaboration with a range of debt charities in Scotland, we were able to encourage the Scottish government to include changes to the bankruptcy eligibility criteria in Covid-19 emergency legislation. These provisions included free bankruptcy applications for clients on benefits, those with increased levels of debt, longer moratorium periods and protection against eviction for tenants.

Our goals for 2021

- To help more people through full debt advice than we did in 2020, balancing ongoing government support, the continued impact of the pandemic and the need to carefully manage our finances
- Promote our new Covid Payment Plan to clients as temporary government support and creditor forbearance begins to end
- To continue to deliver research to understand the impact of the pandemic on clients – including lobbying to ensure a fair and equitable recovery from the financial impact of covid
- To further develop our omnichannel debt advice process 'Your Way' to provide clients with a seamless choice as to how they get support from us
- Improve the efficiency of how we deliver debt advice for our clients and our partners



Robert's story

"Before the coronavirus pandemic, I had just started working in a senior role at a large international company. I have a long career history of working in learning and development for big organisations and I was really excited to start this new opportunity.

However, in February – when I was only halfway through my six month probation period – I was laid off just as the severity of the pandemic was emerging. I found that I was ineligible for any redundancy benefits and I was not offered the lifeline of being placed on furlough.

My mental health crumbled, but I decided it was important to get on with contacting my creditors to find out what my options were, with StepChange's support. I found that I was able to access payment holidays fairly easily, leaving me able to focus on trying to find another job.

As it stands, I've applied for over 300 jobs throughout the duration of lockdown and I've had one virtual interview.

I ended up with a provisional job offer, but I didn't pass the security checks needed for the role, so I'm currently in the process of appealing the decision. One of the stages of the vetting process is a credit reference agency check, which is likely to be the reason for the job offer being on hold.

Most days I felt like I was teetering on the edge, because the process is incredibly invasive and I felt anxious about how I'd deal with my finances if I don't have a new source of income soon. However, now I've signed up for the new Covid Payment Plan (CVPP) with StepChange, I feel like a massive weight has been lifted off my shoulders.

I also learned recently that my Mum has been diagnosed with a rare form of Parkinson's and Supra-nuclear Palsy, which is also brutal and quite advanced. So to not have to deal with my creditors going forward will be a massive relief.

Before starting my CVPP, my mental health was in such a state that some days I felt I couldn't function at all. Without additional intervention, it could take years for me to recover mentally and financially from the impact of the pandemic.

I'm relieved to be able to draw a line under the additional debt I have accrued during the lockdown period and move on with my life as best as I can."



Objective 2:
Collaboration and efficiency



Our second objective is to be the most efficient and sustainable provider of free debt advice and solutions.

We launched the Covid Payment Plan (CVPP), and worked quickly to ensure that our colleagues were set up to work remotely during the pandemic. In addition we adopted a seamless approach to debt advice ensuring clients could get help in the most appropriate way for them.

Key facts and figures:

We launched the CVPP in less than eight months

We've been shortlisted for 13 awards and won three in 2020, including an award for business continuity throughout the pandemic

95%
of our colleagues were set up to work remotely

We continued to work closely with the Money and Pensions Service, Citizens Advice and the Money Advice Trust to improve client referrals to debt advice



Key achievements:
Designing the Covid Payment Plan

We worked closely with our partners, the Treasury, the Money and Pensions Service and the Financial Conduct Authority to launch the Covid Payment Plan (CVPP) debt solution.

The team at StepChange undertook extensive user testing to understand our clients' needs and designed and launched a new product to respond to these needs in just eight months. The creation of the CVPP has also helped us continue to shape the approaches that we'll take towards modernising our heritage technology systems, which is a major piece of work we will continue in 2021 and a project we seek to accelerate.





Home working during the pandemic

In 2020 we made sure that 95% of our colleagues could work remotely at the same time limiting as the impact on our service to clients. This meant acquiring over 1,000 laptops and other pieces of equipment, installing software and applications, and safely delivering these to our colleagues across our eight sites in the UK.

Within a few weeks of the first national lockdown, we'd set more than 800 colleagues up to work from home from a charity device and provided training where needed. We'd also increased our network bandwidth to ensure nearly all 1,600 of our colleagues could work remotely.

We're extremely proud that we were able to keep our service running for clients while ensuring our colleagues could continue to work from a safe environment.

Omni-channel debt advice during the pandemic

The ability to deliver quality, free to client, omni-channel advice has been imperative during the pandemic, especially in light of the fact that many face-to-face debt advice services were unable to operate early on. To support the demand for debt advice we:

- Increased the availability of our online debt advice tool to enable people to have a truly omni-channel experience.
- Introduced an online triage tool guiding people more quickly to the help they need.
- Improved our offering for vulnerable clients.

Securing funding

With significant additional pressure on the charity's funding as a result of the pandemic, we're grateful to have been able to secure short term funding to keep the charity operational throughout 2020. This has included creditor partners, the Money and Pensions Service and the devolved governments in both Scotland and Wales. Our funding partners showed enormous additional financial support to the charity by reducing invoice payments times, providing one off donations, and paying Fair Share Contributions up front. However, we remain acutely aware that StepChange and others in the sector will face significant financial pressure in 2021 as the number of people going through full debt advice remains suppressed.

The Piloting Advisor Capacity and Efficiency pilot

The charity has continued to participate in the Piloting Advisor Capacity and Efficiency (PACE) pilot funded by the Money and Pensions Service alongside the Money Advice Trust and Citizens Advice. Our involvement in PACE has allowed the pilot to increase the number of referral agencies into the service, and allowed online self-referrals. The pilot has also introduced open banking into the debt advice process.

Sector collaborations

We've continued to work collaboratively with our partners and shared with them how we adapted our services throughout the year. This included introducing payment holidays to help people on debt solutions who found themselves struggling to make any level of debt repayment due to a drop in income. In addition, we provided detailed weekly updates in the early stages of the pandemic to ensure our partners were kept up to date on early insights, and operational and digital performance. Finally we rolled out a new Expanding Referral Routes signposting tool to 45 organisations, which includes both an option to book a telephone appointment for debt advice and a digital link to begin debt advice online.

Our goals for 2021

- Implement the Breathing Space scheme to benefit our future clients
- Deliver a clear technology plan for the next three years that defines how we modernise our systems and applications
- Continue to develop our seamless advice through an omni-channel approach
- Work and integrate with even more partner organisations for debt advice



Objective 3:

Improving debt advice policy and practice

Our third objective is to champion the cause of people in, and at risk of problem debt by campaigning for change in public policy and private sector practice.



Key facts and figures:

5 reports
showing the financial impacts of the coronavirus pandemic and setting out the help people need

20+ responses
and submissions to policy makers

6 monthly reports
showing the impact of the pandemic on clients and debt advice demand

6 events
on coronavirus debt impact in Westminster and Scottish parliaments and at party conferences

Key achievements:

In 2020, understanding and responding to the financial impact of coronavirus on UK households was our first priority. We were also able to move key policy areas like Breathing Space, Government Debt Management and Universal Credit forward.

Responding to the coronavirus pandemic

Throughout 2020 we monitored the impact of coronavirus on our clients along with households across the UK. We worked with Money Advice Trust and Citizens Advice on a policy briefing immediately after the first lockdown, and published research in June and November showing the financial impact of coronavirus, as well as calling for policy action.

As secretariat of the All Party Parliamentary Group on debt and personal finance, we organised two sessions on preventing a coronavirus debt crisis and hosted two high profile events at party conferences. Our client data and survey analysis has informed policy makers about who is struggling and how policy changes can help.

Government debt management and bailiffs

We moved a little nearer to our goal of ensuring fair debt management practice by public sector creditors in 2020 with the Cabinet Office publishing a call for evidence. Our response included evidence from StepChange clients highlighting problems with assessing affordability and understanding vulnerability. This is especially important as Stepchange clients with public sector debts are more likely to be vulnerable and have negative budgets. We've continued to campaign for better oversight of bailiffs, and look forward to progressing this in 2021.

Breathing Space and Statutory Debt Repayment Plan schemes

2020 saw important progress on both of these long-term policy priorities. The Government confirmed its plans for Breathing Space in February and the scheme will go live on 4 May 2021. As part of the announcement, StepChange was delighted to welcome Economic Secretary John Glen MP to our London offices. Regulations on the Breathing Space scheme have since passed into law and the Government has also introduced the legislation needed to move the Statutory Debt Repayment Plan scheme forward.





Key reports in 2020:
Insight and data to drive change

In 2020 we released more influential reports that helped us shape opinion and influence policy.

Problem debt and the social security system – January

We reported on the experiences of StepChange clients on working age benefits, with a particular focus on Universal Credit. National polling shows that over half of people in problem debt receive social security support and that four in ten need to use credit for essentials. Among StepChange clients receiving support, 53% showed signs of destitution and hardship. Our research found that unaffordable deductions, including for Universal Credit payment advances, contributed to this.

We called for:

- Debt proofing of the social security system by ensuring benefits meet needs; deductions are affordable; and reliance on harmful unaffordable credit is reduced.

Result:

- We shared our evidence with officials and ministers, gave evidence to MPs on Universal Credit advance payments and worked with other charities on deductions and extending the £20 uplift to Universal Credit. Since the report was published, the government has reduced the rate at which deduction are collected from Universal Credit and extended the period over which advances are repaid, allowing claimants to keep more of their payment.

Client Outcomes - March

Our second report on debt advice client outcomes data focused on clients at nine and 15 months after advice. The report found clients valuing and using the advice and support they received, with significant improvements in wellbeing and the large majority of clients making progress with their debts.

We found:

- The data suggests a large harm reduction potential from encouraging people to debt advice earlier.
- Poorer outcomes for clients with negative budgets questions what more advice services and public policy need to do to help this group.

Scotland in the Red - May

In 2020 our Scotland in the Red data report demonstrated the extent of problem debt pre-coronavirus, and the pressing need for urgent changes to respond to the financial impact of crisis, and the long-term nature of these impacts. The report also identified the economic harms that many were experiencing due to the ongoing crisis and that these harms would be long-lasting. This contributed to the case for several of the Scottish emergency debt legislation provisions to be made permanent.

We called for:

- The Scottish government to introduce emergency measures to Scottish debt legislation

Result:

- The Scottish government introduced a broad range of emergency measures around their debt legislation, including amendments to the client fee for bankruptcy, the extension of the client moratorium and several process improvements. Subsequently the changes to the fee structure for Minimal Asset Process and Sequestration were made permanent after lobbying from the charity and others in the sector in Scotland.

Our goals for 2021

- To respond to the financial difficulties developing throughout the coronavirus pandemic, and the need for policy action to support households falling into debt
- Continue to call for support to help people facing debt problems as a result of coronavirus
- Develop new knowledge about problem debt and develop policy on public sector debt, negative budgets and financial resilience
- Build links with newly elected MSPs in Scotland
- Ensure the new Scottish Government maintains its focus on problem debt and goes ahead with the legislative review of statutory debt solutions in Scotland

Objective 4:

Testing out prevention alongside cure

Our fourth objective is to educate and inform people through our services to enable them to manage their money better and recover from problem debt.

The charity has ambitious and achievable plans to help over 150,000 people with early intervention strategies over the course of the next three years.

Key facts and figures:



4.4m

users of our website and MoneyAware debt advice blog*



58,000

users of our welfare benefits calculator



22m

views of our website and MoneyAware, our debt advice blog**

* We've changed the way we measure web users with industry best practice: we now only count a user when a person has used one of our pages for a least 30 seconds.

** Repeated views of a single page are counted.

Key achievements:

A record-breaking year for our website

To ensure we were a trusted first port of call for our clients and members of the general public worried about debt and money during the pandemic, we launched a comprehensive 'debt and coronavirus' hub on our website. This provides clear and accessible guidance and support for anyone who has questions about managing their financial situation and debt, as well as information on financial regulation, legislation and financial sector policy.

The hub was updated on a regular basis to give near real-time information. In addition our website expanded to feature numerous informational hubs to cover a broad range of topics including:

- Emergency support with money, food and housing
- Furloughing support and money
- Redundancy and reduced income
- Money, debt stress and financial wellbeing

Launching and expanding our persistent debt hub

In February 2020, working in parallel with our early intervention team, we launched an informational hub on our website and a self-service online tool to help users understand and get out of persistent debt. We created a softer approach for clients to managing money by hosting an online repayment calculator and a budgeting tool, giving client the ability to move into full debt advice if it became clear they needed extra support. It was successful at launch, with over 20,000 views in its first six weeks, before the pandemic hit and the Financial Conduct Authority asked the sector to pause their persistent debt strategies.

While we stand ready to support further when persistent debt communications are re-started, the hub continues to attract thousands of users each month who needed information on how to lift themselves out of paying the minimum on their credit commitments.



Our goals for 2021

- To assist over 65,000 clients at the earliest possible stage before they reach crisis point
- To further develop and expand the budgeting information available online

Objective 5:
Getting the message out



Our fifth objective is to create greater awareness of free debt advice. Given the continued trend towards digital throughout the pandemic, making sure people receive the right kind of advice is even more crucial.

We launched a new marketing campaign in response to the pandemic, made good progress with our business-to-business (B2B) marketing strategy, secured a significant amount of coverage in the media and tackled online impersonators.

Key facts and figures:

53 instances of trademark infringement tackled

42% increase in website users since 2019

239 mentions on TV and radio

61 press releases

2,202 pieces of press coverage

27 expert policy blog posts

Key achievements: Launching a new marketing campaign

During the coronavirus pandemic we launched our *What If* marketing campaign to not only remind existing clients of our services, but also make the thousands of additional people affected by problem debt in 2020 aware of how we can help. Knowing that many people would be faced with countless worries about their finances and job security, our campaign provided solutions to these problems and signposted the public to our newly launched Covid Payment Plan (CVPP) debt solution alongside our existing services.

In 2021 we will relaunch the campaign and continue to collaborate with our partners to ensure that our annual Debt Awareness Week helps to increase the number of people aware of free, impartial debt advice.

Our online reach

Our website, blogs, online tools and partnerships have helped us reach an estimated 5.7 million people in 2020. We also had 2.7m views of our debt guides.

We're very prominent online, ranking highly in search engines for a wide range of debt terms. Our online visibility has increased by publishing answers to debt questions with high search volumes and by gaining coverage on charity, local authority, consumer news, creditor, utility company and housing association websites. We've also successfully tackled 53 instances of trademark infringement by websites attempting to masquerade as StepChange through online advertising.

Media coverage

By securing over 2,000 items of coverage, we helped to raise awareness of pandemic debt, signpost the availability of debt advice, and build support for new policy interventions.

Brand awareness

In 2020 we commissioned the research agency YouGov to deliver our brand awareness tracking activity and also provide us with access to real-time insight on consumer behaviour and opinion. In December 2020, our prompted brand awareness, where the general public are asked to name the debt advice organisations they have heard of with a prompt or hint, was at 17% of the UK population[8]. Among the cohorts of the population with the greatest likelihood to require our services prompted brand awareness was at 27% of the UK population.

Building our partner proposition

We continued to encourage our partners to spot the signs of problem debt, refer their customers and garner their support for Debt Awareness Week. In May we launched our easy referral form, providing a seamless way for partners to help clients engage digitally or to book a call-back, and over the summer we worked closely with them to develop CVPP. We also began to engage with partners through new digital channels including webinars, and began developing our employee financial wellbeing service for employers to support their staff which we'll continue to build on in 2021.

Our goals for 2021

- Reach a greater number of prospective clients by delivering new targeted marketing campaigns
- Continue to build our consumer insights programme to fully understand the changing needs of the people we are looking to support
- Gain media coverage that builds support for positive actions and policies to help people experiencing debt
- Continue to work with Google to tackle impersonators

[8] We now report on prompted brand awareness as a key metric rather than unprompted brand awareness as this has been identified as a more reliable measure of actual consumer awareness.

Objective 6:

Empowering our people



Our final objective is to engage and develop our colleagues.

In 2020 we began implementing our Total Reward strategy and we reshaped our training programme to build in online learning. We continued to deliver our graduate programme, expanded our wellbeing strategy to support colleagues throughout the pandemic, and began building our Equality, Diversity and Inclusion strategy.

Key facts and figures:



We provided **126** hours of training for each of our colleagues

Our CEO and Executive team hosted...



2 townhall sessions with each reaching over 1,000 colleagues



We awarded **20** colleagues with an Iain Kendall Award for excellence

Key achievements:

Rolling out our Total reward strategy

During 2020 we began implementing our new Total reward strategy. We've updated frameworks to manage the professional development of client-facing colleagues, revised pension scheme contributions and introduced a range of new family-friendly benefits.

Learning from our colleagues

We delivered our annual charity-wide engagement survey and achieved an outstanding engagement score of 84%, which is 13% higher than in 2019. We believe this is a testament to our strategies to make StepChange an even better place to work, and our colleagues have told us that our collective response to the pandemic has been a factor in this.

Following the success of working with employee representatives to consider and implement our Total Reward strategy, we have established a new joint consultative committee to work with in addressing areas of concern or challenge and discuss key issues.

Gender pay gap results

Our gender pay gap is significantly lower than most organisations in the UK, and overwhelmingly lower than organisations operating in the same sector. For 2019, the charity's latest report, highlights include our median pay approaching parity, median bonus at parity and the proportion of women receiving a bonus is higher than men for the first time.

Our talent strategy

All academies from March 2020 were virtual with online learning and we converted to online in just four weeks, training 100 colleagues. Our graduates continue to progress through their two-year programme, attending development events, gaining exposure to our Executive Team and Trustees, and moving through directorates gaining a real mix of skills and experience.

We also designed and launched the In Role Development Framework for operational colleagues, providing a structured learning platform facilitating progression in salary and competence.

Developing our wellbeing strategy

We expanded our wellbeing strategy in 2020, working with colleagues across the charity to understand areas of concern and assess priorities. We delivered a range of wellbeing initiatives throughout the coronavirus pandemic, including communicating a range of tips and advice about managing the work-life balance and highlighting the productivity benefits of working from home. We extended our occupational sick pay provision, offered colleagues paid time off for dependents during 2020, and matched time off for dependants early in 2021.

Our Equality, Diversity and Inclusion strategy

We started work on our Equality, Diversity and Inclusion strategy, working with external consultants to identify areas of priority and understand current and emerging best practice. Focus groups are being established, consisting of a diverse representation of our colleagues, to understand current challenges and how we can overcome these.

Our goals for 2021

- Design and implement our Equality, Diversity and Inclusion strategy
- Continue vulnerability and effective communication training for client-facing colleagues
- Support colleagues as the pandemic continues and the charity faces financial pressures

Financial Review

The Group's financial accounts for the year to 31 December 2020 show a net deficit of £2.8m compared with a deficit of £2.1m in 2019. The result for 2020 is stated after transformation costs of £1.2m (2019: £2.0m) as the Pulse debt advice system was fully rolled out and on-going system improvements were absorbed into business-as-usual activities.

Income

In 2020, the Group's financial results reflect some disruption in its regular funding caused by the Covid-19 pandemic. The principal effects were those of fewer new clients completing debt advice as well as existing clients reducing payments on their solutions. This led to a reduction in Fairshare contributions received as well as income in subsidiaries.

In 2020 these impacts were more than offset by increased restricted funding primarily from additional grants received. These grants included funding provided by the Money and Pensions Service to offset reductions in Fairshare contributions as well as a grant to fund the recruitment of additional debt advisors to be available to support more people following the pandemic. In total restricted income increased from £3.7m in 2019 to £11.1m in 2020.

Additional unrestricted income was also received in the form of donations. Overall income therefore increased from £54.6m in 2019 to £60.6m in 2020.

Operating expenditure

Total operating expenditure for the Group was £63.4m (2019: £56.7m). This includes a £3.9m increase in staff costs which reflects increased colleague numbers during the year, primarily in fulfilling the requirements of the additional grants received. These costs also reflect the improvements made to colleague remuneration and benefits under our Total Reward strategy.

In addition, in 2020 operating expenditure includes the cost of developing the new Covid Payment Plan product (CvPP).



Operating Deficit

The operating deficit of £2.8m for 2020, leads to a reduction in the Group's free reserves to £10.3m as at 31 December 2020. Whilst the deficit is reflective of some particular circumstances and events in 2020, it is now clear that the impacts of the pandemic are likely to last through most, if not all, of 2021.

The Group has a primary financial management objective to maintain an adequate level of free reserves to protect itself and its stakeholders against risks and uncertainties, in line with its reserves policy. Whilst we have gratefully received additional financial support from our partners and funders during the pandemic to date, our total funding is reducing in 2021 and therefore we have needed to undertake a number of activities to reduce expenditure including, regrettably, the decision to commence a redundancy process. This will ensure that the Group retains the financial strength to support more clients as the social and economic climate starts to return to normal.

Capital Expenditure

The principal investments during the year have been IT equipment, including the enablement of remote working with provision of laptop computers for almost all colleagues. Total additions to tangible fixed assets were £1.2m in the year (2019: £0.3m).

In 2020 there were no further additions to the capitalised costs of our development of new systems shown within Intangible Fixed Assets, compared with £1.9m in 2019. Those costs included third party software development expenditure, incremental IT and project resources and certain other related project costs.

The expected benefits of the programme include an improved omni-channel client journey as well as significant operating efficiencies as clients can both provide information online themselves and interact with an advisor as required. Additionally during the Covid pandemic the new system has demonstrated resilience to provide continual availability of debt advice to clients.



Subsidiaries

The charity has two subsidiaries, one for the provision of insolvency solutions, and one for equity release and mortgage solutions, both of which are established as not-for-profit organisations. Any net proceeds generated by these subsidiaries are distributed via Gift Aid back to the charity. Both operations have been developed to help people become free of problem debt. Within the charity's Statement of Financial Activities, the proceeds from the subsidiaries are not classified as charitable activities but included within donations received.

Cashflow and investments

Our investment policy agreed by the Trustees remains to invest in fixed-term bank deposits only. During 2020, there was a net decrease in cash and cash equivalents of £0.9m (2019: £1.8m decrease). This outflow was due to operating deficit for the year. At 31 December 2020 total cash and cash equivalents were £7.4m (2019: £8.3m) with no funds held on deposit for a period of greater than three months (2019: £NIL).

Covid-19 pandemic

During the second quarter of 2020, the Covid-19 pandemic started to have an impact on the charity and its finances. The biggest financial impact has been to the charity's fair share revenues, primarily due to fewer new clients completing debt advice and starting debt management plans. Since then the charity has seen a reduction in such payments of more than 10%. However this decrease has largely been offset by a combination of additional grant funding and donations received from partners, coupled with reductions in expenditure. The charity continues to receive additional Covid-related grant funding from MaPS during 2021.

Reserves policy and management

Reserves are maintained at a level to manage the short-term financial risk, the potential costs of unplanned closure and ensure the long-term viability of the charity given the risks detailed in the “Principal Risks and Uncertainties” section of this report. Our reserves policy is reviewed by the Board of Trustees at least annually, considering both the risk environment as well as the trading and investment needs of the group.

The primary considerations in setting the policy are ensuring that adequate levels of cash reserves are held, balanced with our obligation to ensure that such reserves are not excessive so that funding received is applied promptly to our charitable purpose.

In line with best practice, our policy was revised in 2019 to include a lower and upper limit on our free reserves. This established that the group’s free reserves (i.e. reserves after removing net tangible and intangible fixed assets and restricted funds) will not be allowed to fall below £10m nor to exceed £18m.

At the balance sheet date, reserves stood at £10.3 million, close to our policy minimum. Whilst ongoing funding in early 2021 was sufficient to maintain reserves above £10 million, in April 2021 the Board approved a number of cost reductions including redundancies through which continued compliance with the policy has been achieved.

This policy was endorsed unchanged by the Board of Trustees in December 2020.

This level of reserves covers the prudential resources requirement under the FCA debt management rules set out within CONC 10.2.5, which requirement stood at £1.5m at the end of 2020. Such reserves would allow the charity to affect an orderly run-off of our existing client portfolio, should the situation ever arise, and to meet our debts. This scenario takes into account a material loss of income and the redundancy costs associated with implementing this course of action.

The total balance sheet reserves at 31 December 2020 were £18.1m (2019: £20.9m), of which £0.8m (2019: £0.4m) are restricted in nature. The level of free (unrestricted) reserves is £10.3m (2019: £12.0m) after deducting fixed assets of £7.0m. Our current level of reserves enables us to meet our normal trading commitments and to fund our on-going investment plans.

Investment policy

The charity’s investment policy is reviewed annually by the Audit and Risk Committee. In 2020, the policy has been maintained to continue to invest the surplus liquid funds in fixed-term deposits with maturities of no more than 12 months. This continues to allow the Board the appropriate flexibility and liquidity whilst reserves are close to our agreed minimum level.

With minimal risk, an average return of 0.61% (2019: 0.59%) was achieved and considered acceptable in the current environment.

Basis of preparation of the Accounts

In-line with the Charities Accounts (Scotland) Regulations 2006 (as amended), the charity has prepared a charity-only Statement of Financial Affairs on page 61, with additional charity-only disclosures made in the notes to the financial statements.

The financial statements have been prepared on the going concern basis. The company has strong financial resources invested with minimal risk and no borrowings.

Principal risks and uncertainties



Principal risks and uncertainties

The Board of Trustees is responsible for determining the nature and extent of the principal risks it is willing to take to achieve the charity's strategic objectives. The Board allocates oversight responsibility to the Audit & Risk Committee for obtaining adequate assurance that the charity maintains robust systems of risk management and internal control, and that these are reviewed for adequacy and effectiveness on a regular basis.

Our approach to risk management

In line with recognised good practice, the charity employs a traditional 'Three lines of defence' assurance model. This comprises of first line quality assurance with additional quality monitoring activity, second line risk management and compliance (monitoring and advisory), and third line internal audit (delivered through a professional services provider).

There is a risk management framework embedded across the charity to support the effective identification, assessment and management of risk and risk events. The Board, and Audit & Risk Committee, with input from the Executive, periodically performs a robust and systematic review of those risks that it believes could materially impact the charity's performance, future prospects, reputation or ability to deliver against its strategic objectives.



Risk appetite

The Board reviews and approves the charity's risk appetite statement on an annual basis, or more frequently in the event of unexpected changes to the risk profile, with the aim of ensuring that the level of risk that the charity is willing to take remains consistent with its strategy, priorities and the regulatory environment.

In order to determine the charity's risk appetite and capacity, different triggers and limits are set on a forward-looking basis through Key Risk Indicators. In the event that the desired risk appetite is breached, or likely to be breached; a predefined escalation process is followed to ensure this is highlighted to the Board or relevant Board sub-committee.

Risk universe

To enable a review of risk in line with agreed appetite and tolerances, the charity maintains a register of all risks within its risk universe. The risk management framework and associated processes are operated throughout the charity with the 2nd line Group Risk team responsible for ensuring that the framework is embedded and operating effectively. All departments perform regular risk assessments that consider and assess both existing and emerging risks. This process ensures a consistent approach to the assessment of risk across the charity as well as informing the group risk register from bottom-up. The findings of both internal and external audit outputs are considered when reviewing both the risk register and the annual audit plans.

Impact on the Charity of COVID-19 Pandemic

The COVID-19 pandemic continues to have a significant impact on all of our lives as well as on the organisations which employ us, with the effects lasting longer than most people thought when the pandemic started nearly eighteen months ago.

As mentioned previously in this report, the impact upon the debt advice sector has not been entirely as expected due to the exceptional support measures provided to individuals by the government and by financial services companies via forbearance.

Therefore the biggest impact on the Charity has been a reduction in people coming to us for debt advice, thereby reducing the number of people taking out solutions to their debt issues such as debt management plans. This has reduced the Charity's funding received from Fairshare contributions and this funding is unlikely to start increasing until late 2021 or 2022.

Whilst the Charity continues all of its operational functions without issue, we are in a period where funding may be reduced for a further twelve months or perhaps longer. We have responded by reducing our operating costs such that we can retain Charity reserves above £10 million being the minimum level within our reserves policy. This ensures that the Charity remains financially strong and well-positioned to help more people when demand for our services start to increase again.

Since the Charity does not have any borrowings and only a limited number of long-term commitments, it remains the case that any further or ongoing contraction in Fairshare contributions can be mitigated by reductions in operating expenditure although such reductions could impact the numbers of people that the Charity can help.

The Charity is focussed on maintaining developments in technology as a cost-effective means of ensuring that an increasing number of its services can be directly accessed by clients online but with integrated telephone support as required. These developments will help ensure the availability of services if the demand for debt advice should increase as current support measures start to be withdrawn.

The risks identified below represent the relevant key risks associated with the charity and are not set out in any specific priority order.

Risk	Relevance		Mitigation	
The charity fails to develop and implement a sustainable and proportionate funding model	The charity requires a model which reduces our funding concentration risk and is reflective of the breadth of money guidance, debt advice and debt management services provided by the charity to its clients		• We have regular dialogue with funders to understand value drivers and expectations for fair client outcomes	• Our drive for efficiency through improved technology underpins our work to develop our funding model and we are actively contributing to the Single Financial Guidance Body's work on an appropriate model for funding for debt advice
Failure to attract, develop and retain talent and key skills	Supported by the development of technology, colleagues remain the charity's key asset. To support delivery of the charity's four-year strategic plan, it is paramount that the charity attracts, develops and retains the right people with the right skills in the right numbers		• Led by an experienced Human Resources team; the charity continued the roll-out of its Total Reward Strategy in 2020 • The strategy includes a series of targeted changes to reward and benefits for colleagues, which includes; base pay benchmarking, in-role progression and development, leave entitlements and enhanced matched pension contribution	• The charity works to a defined Talent Acquisition Strategy to ensure that we have the capacity and capability to deliver against the charity's strategic objectives • Formal succession planning and talent management framework are in operation, with periodic reporting via Nomination Committee
The risk of client detriment, financial loss, disruption or damage to the charity's reputation resulting from a cyber-attack	The charity operates a large number of IT systems which hold material volumes of sensitive client data. We will continue to focus on minimising the data we hold and the controls we have in place to maintain our security resilience and prevent unauthorised access or misuse of this data		• We have automated and scheduled checks and controls in operation • We've implemented enhanced colleague access controls • We minimise colleague risk through pre-employment checks • We have specialist resource to support the continuous improvement of the charity's information security and data governance framework	• Technical vulnerability management processes to limit exposure to exploitation • Back-up and recovery capabilities to provide service and data resilience • Security Incident Management processes to identify, triage and respond to cyber attacks • Charity-wide security awareness and training programme
Failure to assess and manage the charity's exposure to conduct risk	Under the FCA's oversight of the consumer credit sector, we will continue to provide the highest quality debt advice and debt management services complemented by robust systems of risk management and internal control		• The Board employs a 'three lines of defence' model to gain assurance over the effectiveness of its internal systems and controls including the outsourcing of its Internal Audit function to a reputable third-party provider • We have regular, effective management meetings held by the Executive team including the use of comprehensive management information to identify risks and opportunities and manage these in line with the charity's appetite for risk	• Colleagues with appropriate skills and competence are recruited into senior risk and compliance roles • We have successfully embedded the Senior Managers & Certification Regime with clearly documented responsibilities, accountabilities and expected standards of conduct for all colleagues
Key supplier or third-party provider failure	The failure of a key supplier may lead to an adverse and material impact on the ongoing provision of services to clients or to back office key processes.		• The charity has an established procurement supplier management framework in operation, overseen by a centralised Procurement function	• Ongoing service, quality and value for money reviews are performed for key supplier arrangements • The charity maintains close oversight of all material outsourced relationships (as defined within SYSC 13.9)
Failure to respond effectively to changes in the external environment	The regulatory, political and legal landscapes continue to evolve with a potential impact on our core operating functions. Early identification and analysis of change is vital to a compliant and appropriate response		• We have ongoing engagement with key decision makers and stakeholders in government, with regulators and with the wider sector	• We have a horizon scanning framework in operation to early identify changes which may impact the charity and its stakeholders and plan for change where appropriate • One such example is the Breathing Space legislation due for implementation in May 2021

The risks identified below represent the relevant key risks associated with the charity and are not set out in any specific priority order.

Risk	Relevance		Mitigation	
The charity's Board of Trustees and Executive team fail to provide effective governance and oversight of the charity, leading to a failure to deliver against the strategic objectives	Following several high-profile governance failures across a variety of sectors; the adequacy and effectiveness of charity governance draws interest from several key stakeholder groups		• We have an experienced and wide-ranging Board of Trustees who meet up to six times a year to oversee the group's strategy and progress in line with the agreed objectives and priorities	• Three Board sub-committees exist within the group's governance framework with specific duties and responsibilities documented (Nomination Committee, Remuneration Committee and Audit & Risk Committee) • We have a formal governance structure in place to facilitate decision making at all levels within mandated authorities
The risk of sanction or enforcement by a regulatory body due to a material breach of regulatory or legislative requirements	The charity prides itself on the relationship it continues to build with its regulators. Enhancements to the charity's systems of risk management and internal control help to demonstrate to key stakeholder groups the consistent and fair client outcomes the charity delivers on a day to day basis		• The Board employs a 'three lines of defence' model to gain assurance over the effectiveness of its internal systems and controls including the outsourcing of its Internal Audit function to a reputable third-party provider • Several key senior roles are in place – Director of Risk & Compliance, Head of Regulatory Compliance, Head of Debt Advice, Head of Debt Management Services, and Head of Regulatory Finance oversee the delivery of regulatory processes and controls	• There are client outcome and satisfaction measures in place to measure performance • We have a robust complaints process in place with supporting root cause analysis to identify any systemic issues
Financial loss and reputational Damage arising from internal fraud	As a CASS large debt management firm, the charity manages in excess of £420m of client money across 2.3m transactions on an annual basis. The complexity inherent within both the volume of frequency of transactions requires robust systems of internal control and governance to be in place and proven to be effective		• Through the Charity's governance framework, internal monitoring and reporting, it consistently evidences its operational, colleague and system controls that are in place to protect and segregate client money	• The Charity complies with the debt management client money rules and mandate rules permissions for which it is authorised as concluded via external assurance by PwC under SUP 3 • The Charity ensures appropriate policies and controls are maintained and adhered to in relation to financial crime, delegated authority, compliance and treasury including approval and signatory limits and controls
Failure to withstand the impact of an event, or series of events, that significantly disrupts the operations of the charity	Robust operational resilience to unexpected material events ensure the ongoing provision of the charity's core services to new and existing clients. The risk crystallised in 2020 during the onset of the Covid-19 pandemic		• The charity has an established business continuity policy and framework, which is owned by the Board of Trustees. The framework is embedded across the charity and is tested on a regular basis at both national and local levels through desktop and scenario exercises. The charity has contracted work area recovery facilities to respond to a medium-term denial of access event, and invested heavily in 2020 in mobile devices to ensure continuity of operations through a remote enabled workforce	

Trustees' report



Structure, Governance and Management

Structure and management

Foundation for Credit Counselling ("the charity"), which trades under the name StepChange Debt Charity, is a company limited by guarantee and is registered as a charity (no. 1016630 in England and Wales, and SC046263 in Scotland).

The charity is authorised and regulated by the Financial Conduct Authority (FCA no 729047) to provide debt adjusting and debt counselling services. It is permitted to hold client money as a not-for-profit firm and holds limited permission under the FCA Handbook within its flexible firm portfolio.

Consumer Credit Counselling Service (Equity Release) Ltd is separately authorised and regulated by the Financial Conduct Authority (FCA no 517674) to advise and arrange home reversion plans and mortgage contracts.

Both the charity and Consumer Credit Counselling Service (Equity Release) Ltd fall under the FCA's Senior Managers & Certification Regime for solo-regulated consumer credit firms, as 'limited' and 'core' firms respectively. Appropriate arrangements are in place to ensure both entities comply with the requirements of the regime.

Consumer Credit Counselling Service (Voluntary Arrangements) Ltd employ Insolvency Practitioners that are licensed and authorised by the Insolvency Practitioners Association (IPA).

Board of Trustees

The charity is governed by a Board of Trustees (the Board) and currently consists of 11 Trustees. In 2020, there was one resignation.

For the purposes of company law, all Trustees are treated as Directors of the charity. Trustees have a duty to act in the best interest of the charity, and must not place themselves in a position where they have, or may have, direct or indirect interests that conflicts with their duties as a trustee. However, where any personal or professional interest may give rise to a potential or actual conflict, trustees are expected to identify and address these effectively. As such, the charity has a Trustee Conflict of Interest Policy in place, which sets out guidelines and procedures for identifying, monitoring and managing actual and potential conflicts of interest. A register of trustees' interests is maintained, and reviewed annually by the Board, with interim updates presented at Board meetings whenever amendments or additions are made. There is a standing agenda item at each trustee meeting requiring those present to declare any conflicts of interests relating to matters to be discussed at the meeting. Trustees and members of the Executive team sign an annual declaration to review the accuracy of their register of interests.

The Board has a Schedule of Matters Reserved and is responsible for setting the group's strategic direction, overseeing governance and risk, setting budgets and ensuring that the charity achieves its objectives and complies with its legal and regulatory obligations. Some specific duties of the Board are delegated to the Audit and Risk Committee, the Nomination Committee and the Remuneration Committee, with the day to day running of the charity managed by the Executive team.

On behalf of the Board, the Nomination Committee oversees arrangements for a Board Effectiveness review process, to periodically review the collective performance of the Board and its Committees. In addition, the Chair has regular discussions with individual trustees to review their performance and contribution to the Board; the performance of the Chair is reviewed by the Senior Independent Director.

The Board met five times during 2020. Due to Covid-19 and lockdown restrictions, from April 2020 onwards all meetings of the Board and its Committees were held via video conference.

Trustee induction

The induction of new Trustees is facilitated by the Company Secretariat function. Trustees receive a comprehensive induction pack providing reference information covering the background of the charity, its structure and status, its method of operation, its finances and the environment in which it operates. Trustees have access to the charity's Board Portal which contains past Board and committee meeting packs, policies, and strategy documents. Governance information is provided via the Charity Governance Code and key Charity Commission guidance including "The Essential Trustee", and an NVCO training session on trustee roles and responsibilities. The Trustee induction programme also involves meetings with managers across the different functions of the charity, as well as call listening with adviser colleagues.

Trustee term of duty

New Trustees are initially elected for a term of three years, which may be extended for a further three years upon approval by the Board. A Trustee may in exceptional circumstances be appointed for a third three-year term where the Board determines that it is in the best interest of the charity. The Trustees, with the exception of the Chair of the Board, receive no remuneration for their services, but do receive travel expenses where incurred.

Indemnity

Third-party indemnity provision is in place for the benefit of all Trustees of the charity.

Committee structure

Trustees may be invited to serve on one or more Board Committees. The Committees are delegated specific responsibilities by the Board as outlined below. Executive team members attend Board and Committee meetings by invitation. Committee membership details are shown in the table on page 47.

Audit and Risk Committee

The Audit and Risk Committee's purpose is to provide assurance to the Board that the group as a whole has an effective system of internal controls, risk management, and financial reporting, including oversight of internal and external audit processes. The areas covered within the Committee's terms of reference include: financial reporting; internal controls and risk management systems; financial crime, whistle blowing and anti-bribery; internal audit; and external audit. The Committee met seven times in 2020.

Nomination Committee

The Nomination Committee's purpose is to provide oversight on behalf of the Board of the selection and appointment process for trustees and key senior management appointments. The areas covered within the Committee's terms of reference include: Board and Committee composition and diversity; selection and appointment of trustees, the Chief Executive, and other executive directors; succession planning; and effectiveness and performance off the Board, its committees, trustees and the executive team. The Committee met three times in 2020.

Remuneration Committee

The Remuneration Committee's purpose is to provide oversight on behalf of the Board of remuneration arrangements which support the strategic aims, purpose and values of the charity and promote its long-term sustainable success, while complying with good practice and regulatory requirements and maintaining the expectations of stakeholders. The areas covered within the Committee's terms of reference include the overall rewards and recognition framework, and associated board level policies; the remuneration, pension and contractual arrangements for the executive team; and the review of remuneration trends and market analyses. The Committee met twice in 2020.

Executive

The Executive team manages the charity's daily activities. Responsibilities are governed through formally minuted monthly meetings of the Executive Board and Change Board, and quarterly meetings of the Executive Risk & Conduct Committee.

The Executive Board provides focus on strategy and planning, day-to day oversight and management of the operations of the Charity, including financial and colleague performance management, service delivery and operational volumes. It develops business plans, policies, procedures and budgets for presentation to the Board of Trustees, and has responsibility for

implementation when Trustee Board approval is received and ensuring the effective delivery of the Charity's purpose, strategy and objectives.

The Change Board is responsible for establishing, maintaining and reviewing the Charity's Strategic Change Roadmap. This includes: considering and approving new projects / programme requests; directing the progress of the overall Change Portfolio; and leading and supporting the development of the Change Management Framework.

The Executive Risk & Conduct Committee provides oversight of the risk, compliance, audit and control framework for the Charity), and informs the Executive of material risks, breaches or operational failures to enable timely escalation to the Board and the Audit & Risk Committee. The areas covered within its terms of reference include risk management; compliance; information security and data protection; client money; financial crime; health and safety; and internal audit.

Charity Governance Code

The charity's governance framework is in alignment with the principles of the 'Charity Governance Code for Larger Charities', published in 2017. The charity is committed to maintaining the highest standards of governance and uses the code as a practical point of reference to drive a process of continual improvement built upon the code's principles, key outcomes, and recommended practice. The Code's seven principles cover organisational purpose; leadership; integrity; decision making, risk and control; board effectiveness; equality, diversity and inclusion; and openness and transparency. In 2019, an external assessment of the charity's governance framework against the Code's principles was undertaken on behalf of the Board; as a result, an action plan was drawn up to provide a focus for ongoing improvement and review of performance against the Code during 2020. The Board welcomes the refresh of the Code published in December 2020 in relation to the Integrity and the Equality, Diversity & Inclusion principles; in 2021 it will be undertaking a further assessment against the refreshed Code and updating its action plan.

Diversity and Inclusion

The Board of Trustees believes that promoting diversity and inclusion in the workplace is a vital part of being a good employer and making the most of our colleagues. The Board also recognises the value of a diverse group of trustees, with a broad range of experience, skills, background, and perspectives, in its aim to improve its own effectiveness and ensure balanced decision-making. The Nomination Committee regularly carries out an audit of skills, experience and diversity of the Board of Trustees to identify gaps, and to inform trustee recruitment and training. When recruiting new trustees, the Committee considers how best to attract a diverse pool of candidates, and where and how trustee vacancies are publicised.

As part of its commitment to adopting the practice and recommendations of the Charity Governance Code, a number of actions and improvements were identified in 2020 in relation to the Code's Diversity Principle. In 2021, we will be undertaking a further assessment against the Code's recommended practice set out in the revised Equality, Diversity & Inclusion principle, which was published in December 2020, and agreeing an updated action plan for continuous improvement.

This will align closely with the work already underway to develop the charity-wide Diversity & Inclusion Strategy, with the scope, timetable and appointment of a third-party partner to support the project agreed by the Remuneration Committee in 2020, for development and implementation in 2021. The scope of this work covers organisational leadership culture, appointment practices, and monitoring information which includes the Board of Trustees and its committees.

Remuneration of Senior Employees

The charity has a Pay Policy which applies to all employees, and is reviewed at least biannually by the Remuneration Committee and approved by the Board of Trustees. In 2020, the Pay Policy & Procedure was subject to an in-depth review following the implementation of the charity's Total Reward Strategy agreed by the Board in 2019. The overriding principles of the Strategy are for the charity's total reward offering to be competitive, fair and sustainable. The principles guiding the Charity's pay management include basic pay reflecting a colleague's skills, competence and capability to perform their role, and with all roles aligned to a pay range built around market median pay levels.

As a result of the implementation of Total Reward Strategy in 2020, the Pay Policy & Procedure was re-written to accurately reflect the new approach to pay and rewards introduced by the strategy. It clarifies how pay will be benchmarked and managed, and includes annual pay review, development reviews and the use of in-role development frameworks to reflect the development of skills and knowledge.

The Remuneration Committee determines the remuneration of the Chief Executive and the Executive team, in line with the Pay Policy and Procedure. Executive appointments are subject to fair and open competition, with salary levels determined by benchmarking and set at advertising stage. The remuneration of the Chief Executive and the salary ranges for other members of the Executive team are published in the financial section of the annual report.

Trustees' report

Board as at 6 July 2021		Board Committees		
Trustees	**Year of appointment**	**Audit & Risk**	**Nomination**	**Remuneration**
John Griffith-Jones (Chair of the Board)	2019		●	
Josh Bell	2018			●
Nick Caplan	2019	●		
Helen Dean CBE	2019		●	●
Tim Frost	2017	●		
Andy Hill	2016			
Monica Kalia	2017		●	●
Yvonne MacDermid OBE	2021			
Chris Stern (Senior Independent Director)	2016	●	●	
Lesley Titcomb CBE	2019	●		
Chris Wood	2021			●

There have been two resignations since the last report;
John Fingleton resigned with effect from 30 April 2020; and Sue Lewis resigned with effect from 1 June 2021.

● Chair
● Member

The Trustees at 6 July 2021 are listed below:

John Griffith-Jones

John was appointed Chair of StepChange Debt Charity in January 2019. He served as the inaugural Chair of the Financial Conduct Authority from 2013 to 2018, during which time the FCA took on responsibility for regulating consumer credit. Previously, John had a career at KPMG, culminating in him becoming their UK Chairman and Senior Partner, and also Chairman of their European, Middle East and Africa region. John is currently a Governor of Brentwood School, sits on the audit committee of Eton College, and a trustee of the Rifles Volunteer Trust. He was also appointed as a Deputy Lieutenant of Essex in August 2019. John was formerly Vice Chairman of the National Numeracy Trust.

John studied Economics at Trinity Hall, Cambridge. He is a chartered accountant and he was an officer in the Territorial Army for 14 years. As well as the Board, John also chairs the Nomination Committee at StepChange.

Josh Bell

Josh joined the Board in 2018. He is a General Partner at Dawn Capital, a FinTech-focused venture capital firm, leading their investments in transformative financial technologies across the UK and Europe. Before co-founding Dawn in 2007, Josh worked with McKinsey & Company, specialising in financial services and leading McKinsey's support for the World Economic Forum's financial services knowledge initiatives and activities. He was a Graduate Scholar at Oxford University in Mathematics, a Research Fellow at Harvard University specialising in Economics and Game Theory and studied further postgraduate statistics at Cambridge University.

Nick Caplan

Nick joined the Board in 2019. He has significant Financial Services and Technology experience gained across a range of roles and sectors in both senior Executive and Non-Executive roles. In addition to his role at StepChange, he is also a Non-Executive Director at Vitality Health and Life; and at Covea Insurance, Chairman of AND Digital, and Pay Later Group, and a founder of Ordo, a new payments company. Nick previously held a number of senior Executive and Non-Executive positions including Chair of Faster Payments, a key part of the UK's payments infrastructure; Chair of MyCSP a public sector pensions administrator and an executive director of Logica, a major IT services company.

Helen Dean CBE

Helen Dean, CEO of NEST Corporation, is one of the architects of auto enrolment and responsible for bringing nearly 10 million UK workers into pension saving, including many low and middle-income earners. Helen was a senior civil servant at DWP before joining PADA, NEST's predecessor, where she moved from developing policy to delivering a low-cost, high-quality pension scheme. Helen led the product, marketing and operations arms of NEST before her appointment as CEO in 2015. Since then, Helen has been at the helm of one of the largest pension schemes in the UK with over 9 million members.

Tim Frost

Tim joined the Board in 2017 and is Chair of the Audit & Risk Committee at StepChange. He is the Chair of Cairn Capital, an Emeritus Governor of the London School of Economics, and a former Director of the Bank of England. Before joining Cairn, Tim worked in a series of trading and management positions at JP Morgan, helping to build the credit and credit derivatives businesses. He started work as an officer in the British Army serving in Germany and in the Falkland Islands.

Andy Hill

Andy joined the Board in 2016, and is Chair of the Voluntary Arrangements Subsidiary Board, and Independent Non Executive Director of the Equity Release Subsidiary Board at StepChange. He is retired from his role as CEO at Damart UK and member of Damartex SA Group Board, and is now focusing on non-executive director responsibilities, primarily with StepChange. A qualified accountant, he has extensive experience in the mail order and retail industries having previously worked for Next, Redcats and the Lennons Group, with direct board responsibility across a range of disciplines including finance, marketing, customer services and IT. He previously served as director of the UK Direct Marketing Association and Chairman of its Home Shopping Council.

Monica Kalia

Monica joined the Board in 2017. She is a highly accomplished senior executive with over 20 years of experience in Financial Services. In 2015, Monica co-founded Neyber, pioneering the creation of the UK salary deducted lending market, offering an affordable borrowing solution to hundreds of thousands of UK employees. Monica now acts as fintech advisor and investor. Formerly, Monica was the Co-Head of the European Banks Equity Research team at Goldman Sachs. She is a regular speaker at Global Fintech and Employee Wellbeing Conferences, sharing her perspective on financial inclusion, innovation and disruption in financial services. She was invited by House of Lords Select Committee to provide evidence on how Fintech can help address financial exclusion in UK. Monica was recognised by Forbes as one of the top female leaders in Fintech, included in Women in Fintech Power List by Innovate Finance UK and the recipient of the Chairman's award for outstanding contribution to UK tech in the Diversity UK awards in 2018, and is listed as one of the Top 100 most influential BAME leaders in UK tech by the Financial Times & Inclusive Boards.

Yvonne MacDermid OBE

Yvonne joined the Board in June 2021. She has been involved in credit and debt matters for almost 34 years, and recently stepped down after almost 24 years as Chief Executive of Money Advice Scotland. She is passionate about the provision of debt advice and financial education, and treating customers fairly, and committed to working with government, regulators, and all parts of the credit, debt collection/purchase industries. Yvonne is a Non Executive Board member and Director sitting on four Boards from across the public, private and voluntary sectors, including the Credit Services Association, and its subsidiary; and Money Advice Liaison Group (MALG). She is also Trustee of Pollok Credit Union. In 2002 Yvonne received the OBE for services to disadvantaged communities, and in 2018 she was awarded the inaugural "Women in Credit" Lifetime Achievement Award.

Chris Stern

Chris Stern, FCCA FCMI, joined the Board in 2016 and is Senior Independent Director at StepChange. He has significant Financial Services and Customer Service experience, gained across a range of roles and sectors, in both a senior Executive and Non Executive capacity. In addition to his role at StepChange, he is a Non Executive Director on the Centrica Pension Investment Board and a senior Pension Trustee, and a trustee within the youth charity YMCA, holding a number of trustee and committee positions within its national and regional structure. Chris previously held a number of Senior Executive and Non Executive positions within the Centrica Group. These included Chairman of British Gas Insurance and British Gas Finance Ltd (a regulated Consumer Credit provider) and NED of British Gas Services and Home Assistance UK Ltd, both regulated Financial Service intermediaries. His senior executive positions included Divisional Chief Executive and Finance Director roles, within the Financial Services, Customer and Retail Services, and Automotive, sectors. Chris is a qualified accountant and a Lay Minister within the Church of England.

Lesley Titcomb CBE

Lesley joined the Board in 2019. She is an independent non-executive director at National Bank of Kuwait International, Legal and General Financial Advice, and Pay.UK. She was previously Chief Executive of the Pensions Regulator (TPR). She has worked in many different roles in financial services regulation since 1992 and before joining TPR was Chief Operating Officer of the FCA from 2010 to 2015. She is also a qualified Chartered Accountant.

Chris Wood

Chris joined the Board in February 2021. He has significant Financial Services and Payments experience, and is a qualified chartered accountant. For the last 15 years he has run scale businesses and functions for Barclays and Barclaycard in the UK, Europe and North America, and he has extensive experience in both Executive and Non-Executive roles. Prior to Barclays, Chris worked as a consultant for Accenture for ten years with clients in Europe, North America and Australasia specialising in Financial Services. Chris is an independent adviser with Bain & Company and a member of PilotLight, supporting and guiding charitable organisations.

Executive Team

Phil Andrew
Chief Executive

Phil has almost 30 years of varied experience as Chairman, CEO, CFO, NED and Treasurer in government owned organisations, blue-chip companies and charities in the UK, Ireland, Russia, France and the Far East. Phil is a Chartered Accountant, qualified treasurer and Chartered Marketer.

Prior to joining StepChange Phil was CEO of Working Links and prior to this CFO, Sodexo UK & Ireland and CEO, Sodexo Justice Services.

Over the last 15 years he has specialised in environments where social good is the primary objective but in an environment requiring very high levels of commercial efficiency. Phil is Non-Executive Director of Raven Housing Association and Vice-Chair of the Marketors' Trust, a City of London charity.

Lorraine Dunn
Acting Director of Operational Delivery

Lorraine is the Acting Director of Operational Delivery and leads the charity's operational teams who provide debt advice and ongoing service provision across a number of sites in the UK.

Lorraine started her career in Financial Services where she gained a wealth of operational experience leading multi-site contact centre's and has an MBA from Bradford University. Lorraine joined the charity in 2012 and during this time she has held the positions of Head of Debt Advice and Head of Debt Management.

Vikki Brownridge
Director of Client Experience

Vikki is the Director of Client Experience. She's responsible for business development and the management of strategic relationships including funders and creditors. Vikki has worked at the charity for over 14 years in a number of senior leadership positions including Head of Debt Advice and Head of Strategic Partnerships.

Earlier in her career Vikki held leadership positions within outsourced providers and financial services organisations.

Richard McKenzie
Director of Risk and Compliance

Richard is responsible for the delivery and oversight of the Charity's risk and compliance arrangements. Richard is a Chartered Certified Accountant having qualified with Deloitte.

Richard brings a wealth of financial services experience gained across a variety of industry sectors and businesses, including Aviva, Cattles and more recently Direct Group.

Richard Britten
Director of Finance

Richard provides strategic and financial leadership to ensure that the charity's financial objectives are met. He is a Chartered Accountant having qualified at EY in London. Richard has a wide-range of commercial financial management experience gained in regulated financial services at Mitchell Farrar Group and Provident Financial plc as well as previously at Enterprise Oil plc.

Richard Lane
Director of External Affairs and Operating Subsidiaries

Richard leads the charity's External Affairs department, which covers our policy, campaigning, communications and digital functions.

He also oversees StepChange's two operating subsidiaries – StepChange Financial Solutions and StepChange Voluntary Arrangements.

Richard has worked across the charity sector in a number of roles, notably leading the communications and campaigns teams at the national disability charity, Scope, and working on campaigns and public affairs at the LGBT charity Stonewall.

Sian Evans
Director of Human Resources and Estates Strategy

Sian started her career in Human Resources at Morrison's Supermarkets in 1990. Her experience spans a wide range of industries including roles at Ciba Specialty Chemicals, Redcats UK, Callcredit Information Group where she was Group HR Director from 2008 to 2011.

From 2011 until 2013, Sian ran an HR business providing consultancy services to the professional services and logistics sectors. Sian joins us from Severfield Plc where she was Group HR Director.

She is a fellow of the Chartered Institute of Personnel and Development.

Lorna Allan
Chief Information Officer

Lorna is the charity's first Chief Information Officer and is responsible for our Technology teams, leading our Enterprise Architecture roadmap and looking after the delivery of our charity change projects. She has over 20 years' experience in delivering IT Services and technology transformation in a wide range of business sectors, including government organisations and large international businesses. Prior to joining StepChange, Lorna was CIO for Hitachi Capital (UK) Ltd.

Fiona Megaw
Chief Operating Officer

Fiona Megaw left her position of Chief Operating Officer after almost 20 years' service, and the Trustees wish to record their thanks to Fiona for her long service and dedication to the charity during this time.

Streamlined Energy and Carbon Reporting (SECR)

We report our carbon emissions following the Greenhouse Gas Protocol which incorporates the Scope 2 locations-based emissions methodology. We report carbon dioxide emissions resulting from energy use in our buildings and colleague business travel.

For 2020, we collected the energy usage data for all our sites in the UK and the business travel data for the colleagues claiming business mileage using personal or charity leased vehicles to estimate the emissions driven by our operations. We have then uplifted these estimates by 5% to cover uncertainty in line with Intergovernmental Panel on Climate Change's *Good Practice Guidance and Uncertainty Management in National Greenhouse Gas inventories* and our own internal assessment of data coverage and quality.

During the year we have undertaken an energy saving program of work, including the installation of LED lighting and Passive Infrared automated detection systems in a selection of sites. The impact of COVID19 has also significantly reduced electricity consumption and business travel emissions, with the vast majority of colleagues working from home from the end of March 2020.

In December 2020 we committed to a lease for a more energy efficient head office building in Leeds with a significant reduction in footprint to better accommodate flexible working approaches.

UK Greenhouse gas emissions and energy use data	2020
Energy consumption used to calculate emissions (kWh)	3,242,863
Scope 1 emissions in metric tonnes CO2e	
Business travel in vehicles on company lease	4.50
Scope 2 emissions in metric tonnes CO2e	
Purchased electricity	482.57
Gas consumption	203.25
Total Scope 2	685.82
Scope 3 emissions in metric tonnes CO2e	
Business travel in colleague owned vehicles	14.46
Total gross emissions in metric tonnes CO2e	704.78
Intensity ratio Tonnes CO2e per FTE	0.48

Reference and administrative details

Company name

Foundation for Credit Counselling is a company limited by guarantee. It trades under the brand name of StepChange Debt Charity.

Registered and Principal Office

123 Albion Street,
Leeds, LS2 8ER.

Important numbers

Company number:
02757055 in England and Wales.

Charity numbers:

- 1016630 in England and Wales,
- SC046263 in Scotland
- FCA number 729047.

Constitution

The governing document of the charity is its Memorandum and Articles of Association.

The charitable objects for which the charity was established are:

1. The prevention or relief of poverty amongst persons who are in debt;
2. To advance the education of the public in general (and particularly amongst persons in debt or at risk of falling into debt) on the subject of financial budgeting, financial products and financial services

Professional Advisors

Chartered accountants
and statutory auditors
PricewaterhouseCoopers LLP

29 Wellington Street, Leeds
LS1 4JP

Internal auditors

Grant Thornton UK LLP
No 1 Whitehall Riverside
Leeds LS1 4BN

Legal advisors

Wrigley's Solicitors LLP
17–21 Cookridge Street
Leeds LS2 3AG

External auditors

A resolution for the reappointment of PricewaterhouseCoopers LLP as auditors for the charity was proposed at the July 2021 Board meeting.

Statement of Trustees' Responsibilities

The Trustees (who are also directors of Foundation for Credit Counselling for the purposes of company law) are responsible for preparing the Trustees' Annual Report (including the Strategic Report) and the financial statements in accordance with applicable law and regulation.

Company law requires the Trustees to prepare financial statements for each financial year. Under that law the Trustees have prepared the financial statements in accordance with United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice). Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of the affairs of the charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable group for that period.

In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Statement of Recommended Practice: Accounting and Reporting by Charities (2015);
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and the group and enable them to ensure that the financial statements comply with the Companies Act 2006, Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended). They are also responsible for safeguarding the assets of the charitable company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees confirm that they have had regard to the Charity Commission's guidance on public benefit in reporting on the charity's objectives and achievements on pages 9 to 31.

The Trustees are responsible for the maintenance and integrity of the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

In the case of each Trustee in office at the date the Trustees' report is approved, we confirm that:

a. so far as the Trustee is aware, there is no relevant audit information of which the company's auditors are unaware; and

b. each Trustee has taken all the steps that they ought to have taken in order to make aware of any relevant audit information and to establish that the company's auditors are aware of that information.

The Trustees' Report and Strategic Report were signed on behalf of the Trustees by:

John Griffith-Jones Chair
6 July 2021

Financials



Independent auditors' report to the Board of Trustees of Foundation for Credit Counselling

Report on the audit of the financial statements

Opinion

In our opinion, Foundation for Credit Counselling's group financial statements and charity financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the charity's affairs as at 31 December 2020 and of the group's incoming resources and application of resources, including its income and expenditure, and cash flows, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Accounts (the "Annual Report"), which comprise: the group and charity balance sheets as at 31 December 2020; the consolidated group and charity statements of financial activities (incorporating an income and expenditure statement), and the group and charity cash flow statements for the year then ended and the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group and charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and the charity's ability to continue as a going concern for a period of at least twelve months from the date on which the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the group's and parent charity's ability to continue as a going concern.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Trustees' Report

In our opinion, based on the work undertaken in the course of the audit the information given in the Trustees' Report, for the financial year for which the financial statements are prepared is consistent with the financial statements; and the Trustees' Report has been prepared in accordance with applicable legal requirements.

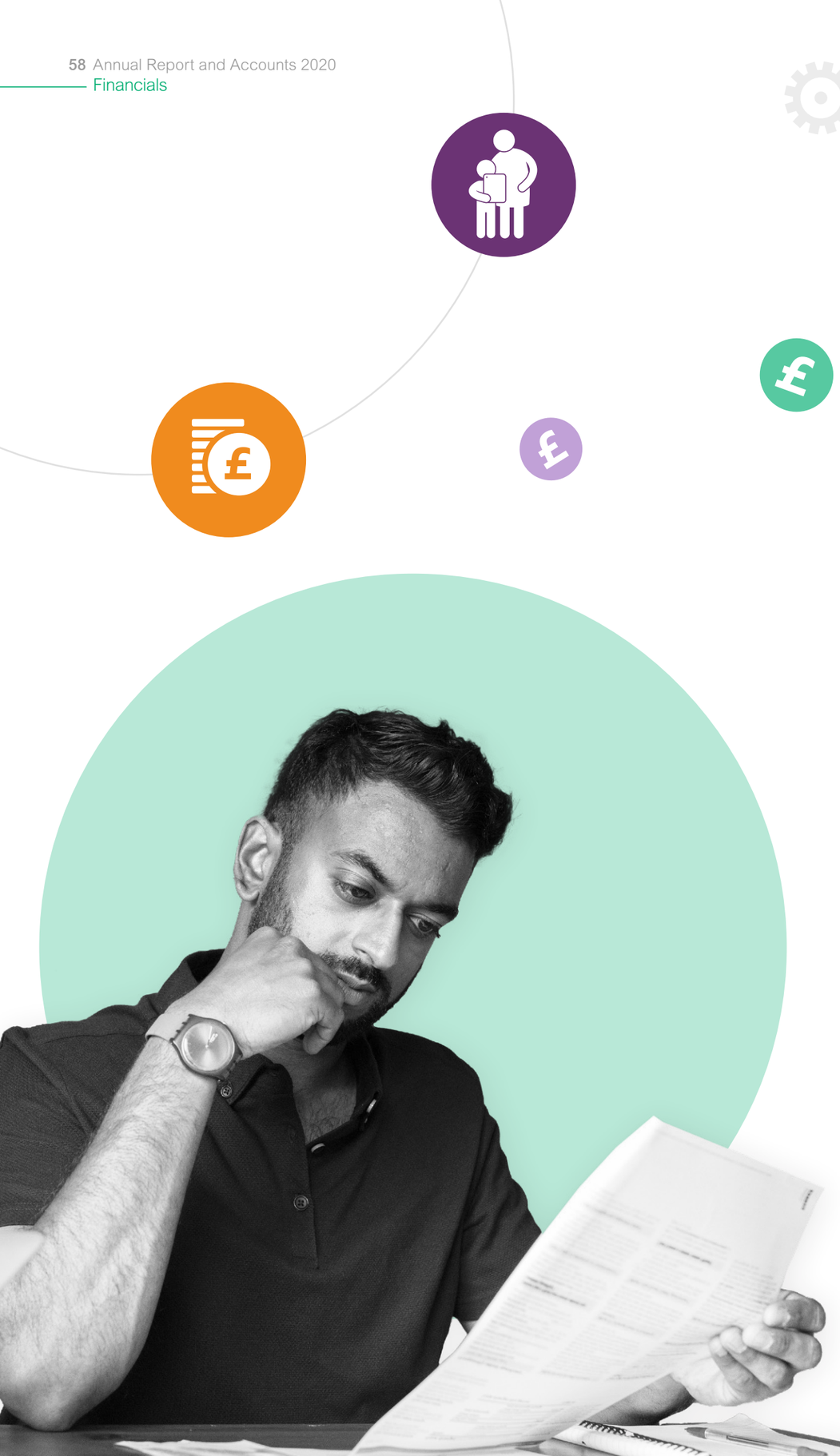
In addition, in light of the knowledge and understanding of the group and charity and their environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Trustees' Report. We have nothing to report in this respect.

Responsibilities for the financial statements and the audit

Responsibilities of the Board of Trustees for the financial statements

As explained more fully in the *Statement of Trustees' Responsibilities* the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The trustees are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the group's and charity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the group and charity or to cease operations, or have no realistic alternative but to do so.



Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the group and/charitable company/industry, we identified that the principal risks of noncompliance with laws and regulations related to Charities Act 2011, Financial Conduct Authority's ("FCA") regulations, Anti-Bribery and Corruption legislation, Anti-Money Laundering legislation and the UK tax legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to increase revenue or reduce expenditure, and management bias in accounting estimates and judgements. Audit procedures performed included:

- Challenging estimates and judgements made by management in their significant accounting estimates;
- Identifying and testing journal entries, in particular journal entries posted with unusual account combinations;
- Review of correspondence with regulators including the FCA and

Review of the financial statement disclosures and underlying supporting documentation and enquiries of management in relation to disclosures within the financial statements. There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the charity's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept the group and charity or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- the group and charity's financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Gary Shaw (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Leeds

7 July 2021

Consolidated statement of financial activities

Year ended 31 December 2020

	Note(s)	Restricted funds 2020 £'000	Unrestricted funds 2020 £'000	Total funds 2020 £'000	Total funds 2019 £'000
Income					
Donations	2	—	1,472	1,472	997
Charitable activities	3	11,095	42,464	53,559	48,099
Other trading activities	4	—	4,579	4,579	5,051
Investments	5	—	28	28	10
Other	6	—	926	926	403
Total income		**11,095**	**49,469**	**60,564**	**54,560**
Expenditure					
Raising funds: other trading activities	7	—	3,440	3,440	3,718
Charitable activities	8,9	10,756	48,046	58,802	51,007
Transformation	10	—	1,153	1,153	1,972
Other		—	7	7	6
Total expenditure		**10,756**	**52,646**	**63,402**	**56,703**
Net income/(expenditure) for the year before taxation					
Before transformation costs		339	(2,024)	(1,685)	(171)
After transformation costs		339	(3,177)	(2,838)	(2,143)
Net income/(expenditure) for the year before taxation		339	(3,177)	(2,838)	(2,143)
Taxation on other trading activities	14	—	—	—	—
Net income/(expenditure) and net movement of funds for the year		**339**	**(3,177)**	**(2,838)**	**(2,143)**
Reconciliation of funds					
Total funds at 1 January 2020		416	20,511	20,927	23,070
Total funds at 31 December 2020	**22,23**	**755**	**17,334**	**18,089**	**20,927**

Charity statement of financial activities

Year ended 31 December 2020

	Note(s)	Restricted funds 2020 £'000	Unrestricted funds 2020 £'000	Total funds 2020 £'000	Total funds 2019 £'000
Income					
Donations	2	—	2,797	2,797	2,201
Charitable activities	3	11,095	42,464	53,559	48,099
Other trading activities	4	—	—	—	—
Investments	5	—	33	33	14
Other	6	—	715	715	403
Total income		**11,095**	**46,009**	**57,104**	**50,717**
Expenditure					
Raising funds: other trading activities	7	—	—	—	—
Charitable activities	8,9	10,756	48,046	58,802	51,007
Transformation	10	—	1,153	1,153	1,972
Other		—	7	7	6
Total expenditure		**10,756**	**49,206**	**59,962**	**52,985**
Net income/(expenditure) for the year before taxation					
Before transformation costs		339	(2,044)	(1,705)	(296)
After transformation costs		339	(3,197)	(2,858)	(2,268)
Net income/(expenditure) for the year before taxation		339	(3,197)	(2,858)	(2,268)
Taxation on other trading activities	14	—	—	—	—
Net income/(expenditure) and net movement in funds for the year		**339**	**(3,197)**	**(2,858)**	**(2,268)**
Reconciliation of funds					
Total funds at 1 January 2020		416	19,199	19,615	21,883
Total funds at 31 December 2020	**22,23**	**755**	**16,002**	**16,757**	**19,615**

Balance sheets

31 December 2020

	Note(s)	Group 2020 £'000	Group 2019 £'000	Charity 2020 £'000	Charity 2019 £'000
Fixed assets					
Intangible assets	15	5,662	7,818	5,662	7,818
Tangible assets	16	1,378	710	1,378	709
Investments	17	—	—	5	5
		7,040	**8,528**	**7,045**	**8,532**
Current assets					
Debtors	18	9,177	8,309	8,713	7,749
Investments		—	—	—	—
Cash and cash equivalents	19	7,400	8,267	6,358	7,191
		16,577	**16,576**	**15,071**	**14,940**
Current liabilities					
Creditors: amounts falling due within one year	20	(5,528)	(4,177)	(5,359)	(3,857)
Net current assets		**11,049**	**12,399**	**9,712**	**11,083**
Net assets		**18,089**	**20,927**	**16,757**	**19,615**
Total group funds					
Unrestricted funds	22	17,334	20,511	16,002	19,199
Restricted funds	23	755	416	755	416
		18,089	**20,927**	**16,757**	**19,615**

The financial statements on pages 60 to 81 were approved by the Trustees on 6 July 2021 and were signed on their behalf by

John Griffith-Jones
Chair
6 July 2021

Company Registration No. 2757055 | Registered Charity No. 1016630

Cash flow statements

Year ended 31 December 2020

	Note(s)	Group 2020 £'000	Group 2019 £'000	Charity 2020 £'000	Charity 2019 £'000
Reconciliation of net (expenditure)/ income to net cash flows from operating activities					
Net movement in funds		(2,838)	(2,143)	(2,858)	(2,268)
Investment income		(28)	(10)	(33)	(14)
Depreciation and amortisation charge		2,635	985	2,634	985
Result on intangible asset write off		97	—	97	—
(Increase)/decrease in debtors		(868)	2,000	(964)	2,083
Increase/(decrease) in creditors		1,351	(487)	1,502	(567)
Net cash generated from operating activities		**349**	**345**	**378**	**219**
Investing activities					
Purchase of tangible and intangible fixed assets		(1,244)	(2,191)	(1,244)	(2,191)
Net cash inflow from current asset investments		—	—	—	—
Interest received		28	10	33	14
Net cash provided used in investing activities		**(1,216)**	**(2,181)**	**(1,211)**	**(2,177)**
Net decrease in cash and cash equivalents		**(867)**	**(1,836)**	**(833)**	**(1,958)**
Cash and cash equivalents at 1 January		8,267	10,103	7,191	9,149
Total cash and cash equivalents at 31 December	**19**	**7,400**	**8,267**	**6,358**	**7,191**

Notes to the financial statements

Year ended 31 December 2020

1. Accounting Policies

The principal accounting policies are summarised below.

a) Basis of preparation

The financial statements have been prepared in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland, ("FRS 102"), the Charities Statement of Recommended Practice, Accounting and Reporting by Charities ("SORP") FRS 102, the Charities Accounts (Scotland) Regulations 2006 (as amended) and the requirements of the Companies Act 2006. The financial statements have been prepared under the historical cost convention. In line with the Charities Accounts (Scotland) Regulations 2006 (as amended), both the consolidated results and the results for the parent charity have been included within the accounts.

The accounts have been prepared on the going concern basis. The company has strong financial resources invested with minimal risk and no borrowings. The charity projects increased expenditure on its Transformation Programme which will be reflected in an annual deficit but with reserves remaining above the minimum levels in the reserves policy. There are no material uncertainties about the charity's ability to continue. The accounting policies have been redrafted to improve the users' understanding of the financial statements. The substance of the accounting policies have been applied consistently throughout the accounts and the prior year.

The Foundation for Credit Counselling meets the definition of a public benefit entity under FRS 102. The charity exists for the benefit of the public through the provision of services to members of the public suffering with problem debt.

b) Group accounts

The consolidated accounts incorporate the results of the Foundation for Credit Counselling Limited ('the charity') and its subsidiary undertakings on a line by line basis. The consolidated entity is also referred to as 'the Group'. The list of all the subsidiary undertakings is shown in note 17.

c) Incoming resources

All income is included when the charity is entitled to the income, the amount can be quantified, and receipt of the funds is probable. The receipt of fair share contributions is deemed probable when an existing disbursement creditor has indicated they are prepared to pay the request for the fair share contribution. For new relationships, amounts are not recognised until such time as an adequate payment history has been established with the creditor. Recognition commences following the receipt of the first two monthly payment requests. Commission income from mortgage advisors and insolvency practitioners is recognised upon the receipt of the notification of creditor approval of arrangements. Investment income is recognised on an accruals basis, using daily rate calculations for funds on deposit and average balance calculations for funds held in current accounts.

Income from grants is recognised on a case-by case basis. For the Money and Pension Service, Scottish Legal Aid Board, Scottish Ministers and Welsh Ministers grant agreements, income is recognised on submission of a monthly or quarterly grant claim in accordance with the specific terms of each agreement. Funding is not received until the submission of grant claims.

In all cases, grant income is treated as restricted funds, as the provision of grant funding is for specific purposes as described at note 23. Donations are recognised when the charity becomes unconditionally entitled to the funds. Insolvency service income comprises nominee fee and supervisory fee income. Nominee fees are recognised on acceptance of the appointment following a meeting of creditors and typically for the first five months of the arrangement. Supervisory fees are recognised over the period of the arrangement resulting from ongoing payments by clients. Equity release service income is recognised on notification of the completion of an equity release or mortgage case from third party lenders.

d) Resources expended

All expenditure is accounted for on an accruals basis. Direct costs, including attributable salaries, are allocated on an actual basis to the key strategic areas of activity. Support costs are the costs of functions which support more than one of the charity's activities and have been allocated to those activities on the basis of employee numbers. Governance costs are the costs associated with the governance arrangements of the Group. These costs include external and internal audit, legal advice for Trustees, management costs preparing for and attending Trustee meetings and the costs associated with constitutional and statutory requirements. Transformation costs are incremental costs expended to develop and execute a business-wide programme of change.

e) Intangible fixed assets

The intangible asset represents the qualifying costs of developing the Pulse debt advice system. The intangible asset is stated at cost less amortisation. The amortisation is charged on a straight-line basis over the useful economic life of the system which has been estimated as being a period of 4 years. Amortisation commenced on 1 October 2019.

f) Tangible fixed assets

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided on all tangible fixed assets at rates calculated to write each asset down to its estimated residual value evenly over its expected useful life, as follows: Fixtures, fittings and equipment: 20% – 33.3% on a straight line basis

g) Investments

Money market deposits, with maturity periods of more than three months, are current asset investments that are readily convertible into cash at, or close to, their carrying amount. Fixed asset investments are stated at cost in the company balance sheet.

h) Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less.

i) Financial instruments

The charity has financial assets and financial liabilities of a kind that qualify as basic financial instruments only. There are none which qualify as complex in nature. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

j) Leasing

Rentals payable under operating leases are charged to the Statement of Financial Activities on a straight-line basis over the lease term.

k) Taxation

The charitable members of the Group are exempt from income and corporation taxes on income and gains to the extent that they are applied for their charitable objects. The trading subsidiaries do not generally pay UK corporation tax because their policy is to distribute taxable profits to the charity as Gift Aid. Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements. Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

l) Pensions

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the charity. The annual contributions payable are charged to the Statement of Financial Activities on an accruals basis.

m) Employee benefits

The costs of short-term employee benefits are recognised as a cost within the Statement of Financial Activities. The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received. Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

n) Funds

Unrestricted funds are donations and other incoming resources for the objects of the charity without further specified purposes and are available as general funds. Restricted funds are funds that can only be used for specific restricted purposes set out by the donor within the objects of the charity.

o) Judgements and key sources of estimation uncertainty

In preparing the financial statements, the Trustees are required to make estimates and judgements. The matters below are considered to be the most important in understanding the judgements made and the uncertainties that could impact the amounts reported in the financial statements.

Intangible Impairment

The carrying value of intangible assets requires judgement as to whether there are any indications of impairment.

Bad debt provision

The provisioning for bad debt requires judgement as to whether to provide for fair share contributions unpaid 60 days after the invoice date.

Cost allocation

Support costs are allocated to charitable activities. Judgement is required in determining and applying the cost drivers appropriate for each support activity.

2. Donations

	Group unrestricted funds 2020 £'000	Group unrestricted funds 2019 £'000	Charity unrestricted funds 2020 £'000	Charity unrestricted funds 2019 £'000
Donations from the utility sector	411	596	411	596
Other donations	1,061	401	2,386	1,605
	1,472	**997**	**2,797**	**2,201**

Included within the charity's other donations is £1,324,377 (2019: £1,203,612) received from its subsidiary undertakings through Gift Aid Donations.

3. Income from charitable activities

	Restricted funds 2020 £'000	Unrestricted funds 2020 £'000	Total 2020 £'000	Total 2019 £'000
Group				
Debt advice and solutions	**11,095**	**42,464**	**53,559**	**48,099**
Charity				
Debt advice and solutions	**11,095**	**42,464**	**53,559**	**48,099**

4. Income from other trading activities

	Group unrestricted funds 2020 £'000	Group unrestricted funds 2019 £'000	Charity unrestricted funds 2020 £'000	Charity unrestricted funds 2019 £'000
Insolvency service	3,530	3,664	—	—
Equity release services	1,049	1,387	—	—
	4,579	**5,051**	—	—

5. Investment income

	Group unrestricted funds 2020 £'000	Group unrestricted funds 2019 £'000	Charity unrestricted funds 2020 £'000	Charity unrestricted funds 2019 £'000
Bank interest	28	10	28	10
Intercompany interest receivable	—	—	5	4
	28	**10**	**33**	**14**

6. Other income

	Group unrestricted funds 2020 £'000	Group unrestricted funds 2019 £'000	Charity unrestricted funds 2020 £'000	Charity unrestricted funds 2019 £'000
Commission income from mortgage advisors and insolvency practitioners	114	207	114	207
Other	812	196	601	196
	926	**403**	**715**	**403**

7. Expenditure on raising funds: other trading activities

	Group unrestricted funds 2020 £'000	Group unrestricted funds 2019 £'000	Charity unrestricted funds 2020 £'000	Charity unrestricted funds 2019 £'000
Insolvency service	2,397	2,628	—	—
Equity release services	1,043	1,090	—	—
	3,440	**3,718**	—	—

8. Expenditure on charitable activities

	Direct costs 2020 £'000	Support & governance costs 2020 £'000	Total 2020 £'000	Total 2019 £'000
Group unrestricted funds				
Debt advice	11,975	10,847	22,822	23,804
Client management	12,511	8,190	20,701	19,382
Promotion of charitable purpose	3,711	812	4,523	3,420
Total	**28,197**	**19,849**	**48,046**	**46,606**
Group restricted funds				
Debt advice	7,881	2,464	10,345	4,227
Client management	42	15	57	—
Promotion of charitable purpose	336	18	354	174
Total	**8,259**	**2,497**	**10,756**	**4,401**
Total expenditure on charitable activities	**36,456**	**22,346**	**58,802**	**49,211**
Charity unrestricted funds				
Debt advice	11,975	10,847	22,822	23,804
Client management	12,511	8,190	20,701	19,382
Promotion of charitable purpose	3,711	812	4,523	3,420
Total	**28,197**	**19,849**	**48,046**	**46,606**
Charity restricted funds				
Debt advice	7,881	2,464	10,345	4,227
Client management	42	15	57	—
Promotion of charitable purpose	336	18	354	174
Total	**8,259**	**2,497**	**10,756**	**4,401**
Total expenditure on charitable activities	**36,456**	**22,346**	**58,802**	**51,007**

Debt advice costs are defined as the costs incurred in providing debt advice to new clients.

Client management costs are defined as the costs incurred in the management of clients who are provided with debt solutions with the charity.

Promotion of charitable purposes costs are defined as the costs incurred in the promotion of our services to key stakeholders including creditors, funders, clients, public sector bodies and governments.

9. Analysis of support and governance costs on charitable activities

	Debt advice 2020 £'000	Client management 2020 £'000	Promotion of charitable purpose 2020 £'000	Total 2020 £'000	Total 2019 £'000
Unrestricted funds					
IT, digital & change	5,901	4,326	424	10,651	8,262
Corporate services	3,056	2,309	233	5,598	5,613
People services	1,700	1,416	142	3,258	3,457
Governance	189	139	14	342	367
Total	**10,846**	**8,190**	**813**	**19,849**	**17,699**
Restricted funds					
IT, digital & change	2,154	13	16	2,183	0
Corporate services	83	1	1	85	248
People services	227	1	1	229	0
Total	**2,464**	**15**	**18**	**2,497**	**248**
Total support and governance costs	**13,310**	**8,205**	**831**	**22,346**	**17,947**

The Support costs have been allocated to the charitable activities on the basis of employee numbers except for the amortisation of the Pulse system which has been allocated fully to debt advice costs

The functional area costs include directly attributable costs (e.g. staff costs, IT licensing costs, recruitment costs) and allocations of shared overhead costs (e.g. premises rentals) on the basis of employee numbers.

Corporate Services costs comprise the costs of the Executive team, Finance, Risk and Compliance, plus the balance of central overheads which cannot be attributed to a single area. People Services costs comprise the Human Resources and Training teams.

Governance costs comprise internal and external audit costs and the management cost of preparing for and attending Trustee board meetings.

10. Transformation

	Group and charity 2020 £'000	Group and charity 2019 £'000
Professional fees	—	70
Incremental project resource costs	1,153	1,902
	1,153	**1,972**

During 2020, further project resource costs were incurred in respect of the Pulse system, both in platform optimisation and system development in respect to the digital referral channel, neither category of which meet the criteria for capitalisation under FRS102. Following successful deployment of the digital referral channel, all further costs in relation to routine platform maintenance is classified as expenditure in respect of charitable activities.

11. Auditors' remuneration

	Total 2020 £'000	Total 2019 £'000
Fees payable to the charity's auditors		
Audit of the financial statements (charity)	49	43
Audit of the financial statements (subsidiaries)	17	17
Other assurance services	37	35
Tax advisory services	15	27
	118	**122**

12. Employees

	2020 No.	2019 No.
i) Average number of persons employed by the group		
Debt advice	658	611
Client management	484	466
Promotion of charitable purposes	49	37
Insolvency services	66	75
Equity release services	25	25
Support services	245	249
	1,527	**1,463**

The total average full time equivalent (FTE) numbers in 2020 were 1,464 (2019: 1,399).

	2020 No.	2019 No.
ii) Staff costs		
Wages and salaries	38,972	35,936
Social security costs	3,781	3,412
Pension costs	1,938	1,427
Other payroll related benefits	279	308
	44,970	**41,083**

The remuneration of key management personnel (members of the Executive team) is £1,279,000 (2019: £1,055,000). The total remuneration of the Chief Executive Officer was £190,963 in 2020 of which £167,508 comprises basic salary (2019: total remuneration £175,840 and basic salary £158,875).

The Chief Executive Office is not a member of the contributory pension scheme and total remuneration includes a payment in lieu of pension contributions of £11,404 (2019: £10,332).

The remuneration of higher-paid staff, excluding pension contributions, fell within the following ranges:

	2020 No.	2019 No.
£60,001 – £70,000[1]	17	12
£70,001 – £80,000	8	6
£80,001 – £90,000	9	4
£90,001 – £100,000	—	3
£100,001 – £110,000	3	—
£110,001 – £120,000	—	1
£120,001 – £130,000	2	1
£130,001 – £140,000	1	1
£140,001 – £150,000	1	—
£150,001 – £160,000	1	1
£160,001 – £170,000	—	—
£170,000 – £180,000	—	1
£180,000 – £190,000	1	—
£200,001 – £210,000	—	—
Total	**43**	**30**

Contributions were made to defined contribution schemes for a total of 41 (2019: 29) of higher-paid employees.

[1] Included within the 2019 amounts is a termination payment of £12,969

13. Trustees

Prior to the current Chair's appointment, a written order was approved by the Charity Commission for a 'regulated alteration' to the Articles of Association to permit remuneration to the Chair of the Board and a special resolution to amend the Articles was passed in April 2019. In line with this approval, the Chair of the Board of Trustees, John Griffith-Jones, received remuneration of £12,000 in the year. No additional benefits or pension contributions were paid.

None of the remaining Trustees (or any persons connected with them) received any remuneration during the year. One of the Trustees were reimbursed for out of pocket expenses incurred in attending Trustee meetings totalling £88 (2019: Four Trustees reimbursed for expenses totalling £986).

Indemnity insurance is taken out to provide liability cover to protect any charity Trustee, employee or officer from claims arising against them as a result of an actual or alleged 'wrongful act' when performing the scope of their regular duties. The cost of providing this insurance is £13,093 (2019: £12,085).

14. Taxation on other trading activities

As a charity, the company is exempt from tax on income falling within Part II of the Corporation Tax Act 2010 and on gains falling within S.256 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied to its charitable objectives. No tax charges have arisen in the charity.

	Total 2020 £'000	Total 2019 £'000
Analysis of charge in the year		
Deferred tax on trading losses	—	—

15. Intangible assets

	Group £'000	Charity £'000
Cost		
At 1 January 2020	8,333	8,333
Additions	—	—
Group transfers	—	—
Write-off	(97)	(97)
At 31 December 2020	**8,236**	**8,236**
Accumulated Amortisation		
At 1 January 2020	515	515
Charge for the year	2,059	2,059
Group transfers	—	—
Write-off	—	—
At 31 December 2020	**2,574**	**2,574**
Net book value		
At 31 December 2020	**5,662**	**5,662**
At 31 December 2019	**7,818**	**7,818**

All intangible assets relate to internal software development.

16. Tangible assets

	2020		2019	
	Group £'000	Charity £'000	Group £'000	Charity £'000
Cost				
At 1 January 2020	7,037	6,612	9,695	9,270
Additions	1,244	1,244	294	294
Group transfers	—	—	—	—
Disposals	0	0	(2,952)	(2,952)
At 31 December	**8,281**	**7,856**	**7,037**	**6,612**
Accumulated Depreciation				
At 1 January 2020	6,327	5,903	8,809	8,385
Charge for the year	576	575	470	470
Group transfers	—	—	—	—
Disposals	0	0	(2,952)	(2,952)
At 31 December	**6,903**	**6,478**	**6,327**	**5,903**
Net book value				
At 31 December	**1,378**	**1,378**	**710**	**709**
At 1 January	**710**	**709**	**886**	**885**

All tangible assets are fixtures, fittings and equipment.

17. Investments

Charity	2020 £	2019 £
Subsidiary undertakings	5,001	5,001

Subsidiary undertakings as at 31 December	Company registration	Activities	2020 £	2019 £
Consumer Credit Counselling Service (Voluntary Arrangements) Ltd	05659160	Insolvency services	1	1
Consumer Credit Counselling Service (Equity Release) Ltd	06741879	Advice for Equity Release and Mortgages	5,000	5,000
Debt Remedy Ltd	07869502	Dormant	—	—
StepChange Equity Release Ltd	08056301	Dormant	—	—
StepChange Financial Solutions Ltd	08561006	Dormant	—	—
StepChange Voluntary Arrangements Ltd	08056168	Dormant	—	—
			5,001	5,001

The registered office for all group companies is 123 Albion Street, Leeds, LS2 8ER.

Foundation for Credit Counselling held a 100% interest in all of the subsidiary undertakings. A summary of the results and balance sheet of the subsidiaries are given below:

	2020 £'000	2019 £'000
Consumer Credit Counselling Service Voluntary Arrangements Limited		
Turnover	3,575	3,665
Cost of sales	(1,738)	(1,752)
Gross profit	1,837	1,913
Administrative expenses	(658)	(876)
Profit for the financial year	**1,179**	**1,037**
Assets	1,527	1,539
Liabilities	(354)	(514)
Shareholders' funds	**1,173**	**1,025**
Consumer Credit Counselling Service (Equity Release) Limited		
Turnover	1,215	1,387
Cost of sales	(1,043)	(1,095)
Operating profit	172	292
Interest payable	(6)	(5)
Taxation	—	—
Profit for the financial year	**166**	**287**
Assets	616	630
Liabilities	(451)	(338)
Shareholders' funds	**165**	**292**

18. Debtors

	Group 2020 £'000	Group 2019 £'000	Charity 2020 £'000	Charity 2019 £'000
Due within one year				
Trade debtors	4,978	5,679	3,928	4,674
Prepayments and accrued income	4,140	2,525	4,090	2,437
Other debtors	59	105	58	105
Amounts owed by group undertakings	—	—	437	333
	9,177	8,309	8,513	7,549
Deferred tax asset (note 14)	—	—	—	—
	9,177	**8,309**	**8,513**	**7,549**
Due after more than one year				
Amounts owed by group undertaking	—	—	200	200
Total	**9,177**	**8,309**	**8,713**	**7,749**

The amount owed by a group undertaking after more than one year is a loan of £200,000 (2019: £200,000) made to Consumer Credit Counselling Service (Equity Release), a trading subsidiary of Foundation for Credit Counselling. Interest is charged at a rate of 2.50% and is subject to annual review. The loan is repayable on any date agreed in writing between the parties or within 30 days of receipt of a written request from the Lender (which the Lender agrees it will only serve on the Borrower if, in the reasonable opinion of the Lender, the Borrower has financial resources available to it to repay the Loan at that time). The Trustees do not currently envisage either event to crystallise within 12 months of the balance sheet date.

19. Cash and cash equivalents

	Group 2020 £'000	Group 2019 £'000	Charity 2020 £'000	Charity 2019 £'000
Cash and cash equivalents				
Cash balances	7,400	8,267	6,358	7,191
Bank deposits	—	—	—	—
Total cash and cash equivalents	**7,400**	**8,267**	**6,358**	**7,191**

Bank deposits are included within cash and cash equivalents when they have an original maturity of 3 months or less.

20. Creditors: amounts falling due within one year

	Group 2020 £'000	Group 2019 £'000	Charity 2020 £'000	Charity 2019 £'000
Creditors: amounts falling due within one year				
Trade creditors	1,575	888	1,540	848
Other taxes and social security costs	986	911	966	888
Accruals and other creditors	2,967	2,378	2,853	2,121
	5,528	**4,177**	**5,359**	**3,857**

21. Operating lease commitments

	Land and buildings 2020 £'000	Other 2020 £'000	Total 2020 £'000	Total 2019 £'000
Expiry date				
Within one year	55	76	131	201
Between one and five years	1,946	209	2,155	3,133
After five years	8,402	—	8,402	—
	10,403	**285**	**10,688**	**3,334**
Net expenditure for the year before taxation is stated after charging				
Operating lease charges	1,746	215	1,961	1,905

22. Movements in unrestricted funds

	At 1 Jan 2020 £'000	Incoming resources £'000	Outgoing resources £'000	At 31 Dec 2020 £'000
Group				
General reserves	20,511	49,469	(52,646)	17,334
Charity				
General reserves	19,199	46,009	(49,206)	16,002

23. Movements in restricted funds

	At 1 Jan 2020 £'000	Incoming resources £'000	Outgoing resources £'000	At 31 Dec 2020 £'000
Group and charity				
MaPS	—	9,118	(9,104)	14
Ireland - Advice	302	—	—	302
Scottish Ministers	114	1,202	(1,160)	156
Welsh Ministers	—	175	(175)	—
Barclays Execution Services Limited	—	600	(317)	283
	416	**11,095**	**(10,756)**	**755**

MaPS Grant

FCC continued to receive grant funding from the Money and Pension Service (MaPS) to support advice provided by both telephone and digital channels for the period up to 31st March 2021. Through the year additional grant funding was received to fund the establishment of a persistent debt service and to support sector collaboration in the Pilot Advisor Capacity Efficiency (PACE) project. Following the impact of the COVID-19 pandemic, additional grant funds were made available to mitigate core income stream reductions and protect advice capacity and to support the development of a specific COVID payment plan (CVPP) product, tailored for clients suffering short-term adverse debt servicing impacts as a result of the pandemic.

Ireland – advice

FCC received funding from a number of Irish institutions to provide debt advice to financially distressed people resident in the Republic of Ireland, a project which concluded on the 31st March 2019. The COVID-19 pandemic ended the realistic possibility of any immediate further partnership with Ireland's Money Advice and Budgeting Service (MABS) and agreement was reached to return surplus funds during the first quarter of 2021.

Scottish Ministers

FCC received funding under two agreements from the Scottish Ministers. Firstly, for the provision of a telephone debt advice service to indebted individuals for a 1 year period from the 1st April 2019 and subsequently the provision of a specialist debt service with a particular focus on vulnerable clients for the period from 30th May 2019 to 31st March 2020. Both of these agreements were renewed up to 31st March 2021 and additional agreements were also entered into to provide more tailored support to clients impacted by the COVID-19 pandemic.

Welsh Ministers

FCC received funding for the provision of a telephone debt advice to indebted individuals for a 1 year period from the 1st April 2019 from the Welsh ministers. This agreement was renewed up to 31st March 2021 and a further agreement was entered into to provide more tailored support to clients impacted by the COVID-19 pandemic.

Barclays Execution Services Limited

FCC received funding in July 2020 to support the recruitment and training of additional debt advisors in response to the COVID-19 pandemic. Advisors were onboarded during August to October 2020, with funding to support provided until April 2021.

The summary of the assets and liabilities for the total restricted funds, disclosed by contract and the total unrestricted funds.

	MaPS	Scotland £'000	Ireland £'000	Barclays £'000	Total restricted £'000	Total unrestricted £'000	Total funds £'000
Fixed Assets							
Intangible assets	—	—	—	—	—	—	—
Tangible assets	—	—	—	—	—	—	—
	—	—	—	—	—	—	—
Current Assets							
Debtors	—	—	—	—	—	—	—
Investments	—	—	—	—	—	—	—
Cash at bank and in hand	14	156	302	283	755	—	755
	14	**156**	**302**	**283**	**755**	—	**755**
Creditors: Amounts falling due within one year	—	—	—	—	—	—	—
Net Current Assets	**14**	**156**	**302**	**283**	**755**	—	**755**
Net Assets	**14**	**156**	**302**	**283**	**755**	—	**755**

24. Related party disclosures

On a consolidated basis, there were no (2019: none) transactions undertaken with related parties during the year. The charity provided a loan of £200,000 (2019: £200,000) to Consumer Credit Counselling Service (Equity Release). The details are disclosed within note 18.

25. Pension costs

The charity operates defined contribution pension schemes. The assets of the schemes are held separately from those of the company, being invested with insurance companies as per the employee's instructions. The pension cost charge represents contributions payable by the charity to the pension funds and amounted to £1,937,845 (2019: £1,427,012). At the year end the pension creditor amounted to £313,402 (2019: £237,222).

Thank you to our supporters

Each of these organisations supported us financially in 2020, and many have worked with us on policy to improve the debt landscape. We'd like to express our gratitude for their support, without which our work would not be possible.



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